CABEI CENTRAL AMERICAN PORTFOLIO

Report on Maintenance of Risk Rating

Ordinary meeting: N° 1082016 (CRI) Nº 5042016 (HND) Nº 2032016 (PAN)
Financial information: non-audited through March 31, 2016, considering information audited to December 2015

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1. RISK RATING

This is a report comprises an analysis of CABEI Central American Portfolio, with non-audited information through March 2016, and considering information audited to December 2015.

Fund	Rating Previous	Current*	Outlook
CABEI Central American Portfolio	Costa Rica		
	AAAf3	AAAf3	Stable
CABEI Central American Portfolio	Honduras		
	AAAf3 (hn)	AAAf3 (hn)	Stable
CABEI Central American Portfolio	Panama		
	AAAf3 (pan)	AAAf3 (pan)	

**The current rating did not experience any changes from the last year.*

Explanation of the rating:

AAAf: "*The entity has conducted all efforts necessary to limit its exposure to risk factors inherent to the fund's assets and to the entity's setting, and therefore the quality and diversification of the fund's assets, their capacity to generate cash flows, and management's strengths and weaknesses all demonstrate the highest likelihood of fulfilling the investment objectives. The level is Excellent.*"

In terms of market risk, a **Category 3** is assigned to funds with "*a high sensitivity to changing market conditions.*"

In terms of perspective, a Category of **Stable** means that "*there is a perception of a low likelihood that the rating will change in the medium term.*"

2. EXECUTIVE SUMMARY

In 2015, economic activity remain attenuated, mainly because economies in emerging markets and developing economies slowed down for the fifth consecutive year, while advanced economies showed a slight recovery.

In Latin America and the Caribbean, the aggregated GDP is expected to decrease in 2016, however, at a lower rate than in 2015. This drop would occur despite the growth in most of the countries in the region, which reflects Brazil's recession and the difficulties in other countries.

In light of these conditions, the total amount of assets managed as of the close of the first quarter in 2016 remained close to the amount recorded in the same period last year, reaching a total of $105,86 million.

The Fund's portfolio is mainly invested in Costa Rican and Salvadorian securities, 23% and 22% share each. In terms of relative importance, the portfolio's composition by country invested did not demonstrate any major variations from the previous six-month period.

The Fund's performance has seen a downward trend, even reaching negative figures in the six-month period under analysis, because of the region's economic conditions. In terms of variations, i.e. the volatility of the yields, the figure is higher than the prior semester.

Although the Fund has faced a rigid economic context, its management has proven capable of reacting to it (varying the proportion of investments in the countries where it invests), as well as placing shorter term investments, maintaining a high percent in investment grade issuers, without affecting the percentage of cash that would allow them to react to a shock in the economy.

3. BASIS

- Since January 04, 2013, it holds the UCITS designation, implying greater prestige for the Fund, since it is subject to higher European control. It was updated in October 2015.
- An adequate portfolio management, evidenced in the timely variations of investment portions according to each country's economic context, the cash levels it maintains, and the mix of investments with investment grade and speculative grade issuers.

"The risk rating represents the Rating Agency's opinion, based on objective analyses conducted by professionals. It does not constitute a recommendation to buy, sell or hold specific instruments, or a guaranty for an investment, issuance or an issuer. We recommend that you analyze the prospectus, the financial information and any relevant data on the qualified entity, which should be obtained from the trading company in Costa Rica."

[1] *Full details on the rating scale used by the Rating Agency can be found on our webpage www.scriesgo.com*

[2] *This report involves an analysis with variations of the six-month period under study (October 2015-March 2016) versus the prior six-month period (April 2015-September 2015). If the variation does not correspond to the six-month period, this will be stated.*

- The Fund had already been able to recover and surpass the asset value reached prior to the 2013 drop.

- The Fund has an adequate diversification of assets, given that it has invested in sovereign securities in eight countries, as well as in bonds for corporate and multinational organizations.

4. CABEI CENTRAL AMERICAN PORTFOLIO

4.1. Description of the Fund

CABEI Central American Portfolio (CABEI Portfolio or the Fund) is an open, non-serial investment fund authorized to trade in Costa Rica since July 31, 2003 by the General Superintendency of Securities (SUGEVAL).

The Fund is the first portfolio of CABEI Central American Fund PLC, a limited liability variable capital company, which was organized on March 12, 1999 as an investment company in the Republic of Ireland, under the regulations of this country and the European Union, and is therefore supervised by the Central Bank of Ireland.

On April 11, 2007, the National Securities Commission of the Republic of Panama approved CABEI Portfolio's trading activities in that country. Likewise, on August 28, 2007, the National Commission of Banks and Insurance of Honduras approved CABEI Portfolio's trading activities in Honduras based on the "Standards for the Trading of Investment Funds Created and Managed Abroad."

On July 01, 2011, the Central Bank of Ireland issued UCITS regulation (Undertakings for collective investment in transferable securities), which applies high-control standards to investment funds, guaranteeing more reliable and secure information for investors, financial transparency, a rise in cross-border operations, and also allows funds to be sold publicly throughout the European Union.

Therefore, as of January 04, 2013, CABEI holds this designation, which was updated on October 23, 2015, allowing it to expand its prestige based on the strict control to which it is subject in order to maintain it.

The Funds seeks to generate high rates of return for investors, mainly through investments in debt instruments, securities and related instruments issued by corporations, multinational companies, government-owned companies, quasi-governmental bodies and any other issuers deemed adequate for investment by the Fund Managers, as well in the sovereign debt of regional and extra-regional partner countries of the Central American Bank of Economic Integration (BCIE from its initials in Spanish), in addition to Belize.

Regional member countries include Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador, and extra-regional member countries include Argentina, Colombia, Mexico, Taiwan, Spain, Panama and Dominican Republic.

4.2. Events in the international market that affected the Fund

In 2015, economic activity remain attenuated, mainly because economies in emerging markets and developing economies slowed down for the fifth consecutive year, while advanced economies showed a slight recovery.

According to estimates by the International Monetary Fund [1] (IMF), the world's growth for 2015 is 3,1%, reaching 3,4% in 2016 and 3,6% in 2017. Forecasts imply that the rise in global activity will be more gradual than that of the 2015 edition of the "World Economic Outlook."

The world's economic growth is being affected by a variety of conditions, also affecting the main economic indicators, including:

- The slow-down and gradual re-balancing of China's economic activity, which is moving away from investment and manufacturing to move toward consumption and services.
- Oil prices have seen a drastic drop since September 2015, due to the expectation that production will keep increasing by the members of the Organization of Petroleum Exporting Countries (OPEC), amidst conditions where global oil production surpasses consumption.
- Given the drop in oil prices, pressure is being exerted on the fuel exporters' fiscal balances, and these are blurring their growth outlooks. Demand by homes is being reinforced, and the commercial cost of energy in importing countries is dropping, especially in advanced economies.
- The US Federal Reserve rose the interest rate for federal funds, which until December 2016 had remained in the lower limit.
- The outlook of a gradual rise in US monetary policy rates has contributed toward more restrictive foreign financial conditions, lower capital flows and new currency depreciations at many emerging market economies.

[1] Update January 2016: World economic outlooks. IMF

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- Inflation is likely to show a downward trend, considering that new decreases in raw material prices and the weakness of global manufacturing are exerting pressure on the prices of negotiated commodities.
- Additionally, the inconsistent evolution of inflation in emerging market economies reflects the implications of a weak internal demand and of the drop in raw material prices, as well as the pronounced exchange depreciations in the last year.

According to forecasts by the International Monetary Fund, growth in advanced economies is expected to rise 0,2 percent points, reaching 2,1%, and to remain unchanged in 2017.

Global activity maintains its vigor in the United States, thanks to the still favorable financial conditions and to the strengthening of the housing and job markets. In the Euro Zone, the strengthening of private consumption, stimulated by the cheapening of oil and favorable financial conditions compensate the weakening of net exports. Growth in Japan is also expected to consolidate in 2016, as a result of the fiscal backing, the drop in oil prices, financial conditions and the rise in revenues.

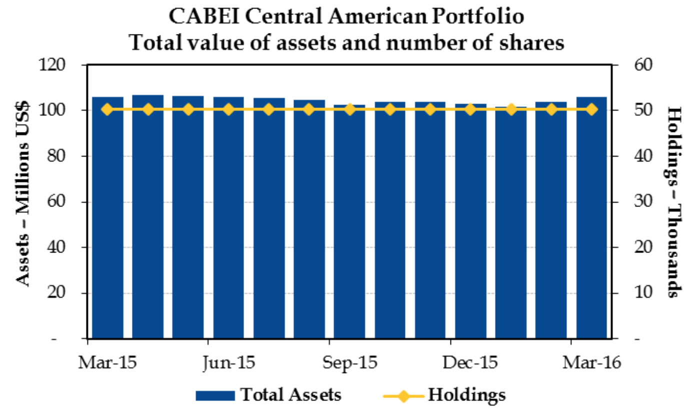
In emerging and developing economies, growth is expected to rise to 4,3% and 4,7% in 2016 and 2017, respectively. Growth in China is expected to drop to 6,3% in 2016, mainly due to the decreased growth in investments.

In Latin America and the Caribbean, the aggregated GDP is expected to decrease in 2016, however, at a lower rate than in 2015. This drop would occur despite the growth in most of the countries in the region, which reflects Brazil's recession and the difficulties in other countries.

4.3. Managed assets

At the end of March 2016, the amount of assets managed by the Fund was $105,86 million, a figure that did not suffer much year-on-year variation. For the six-month period, the amount of assets increased 3%. This trend in assets is directly related to the variation in share value at the end of the period under analysis.

The number of participations has remained constant, at 50.349. This reflects that the changes in the value of the portfolio assets are a reaction to market events and not to variations in issuances.

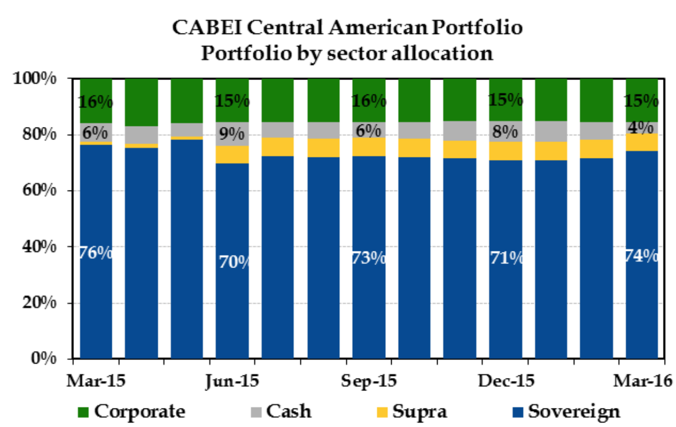


As mentioned in the Fund's profile, investments are geared toward fixed income securities of Central American countries or BCIE partners. The Fund's policy states that corporate securities must be sponsored by the government or be classified as quasi-governmental bodies.

In March 2016, 74% of the Fund's investments were in sovereign debt securities, while 15% were in corporate securities. The remaining 11% was distributed among supranational organizations (6%) and cash (4%).

Annually, the Fund decreased its share of investments in sovereign securities by 2%, making room for a rise in supranational organizations. This variation comes in response to a change in the source of data, since it previously held two Panamanian securities from Banco Latinoamericano.

The Fund's cash did not experience significant changes, remaining close to 6% on average for the semester under analysis. The variability in this account is related to the liquidity needs of certain investment positions, and to the maintenance of a cash amount that would allow the Fund to respond to an eventual shock in the economy.



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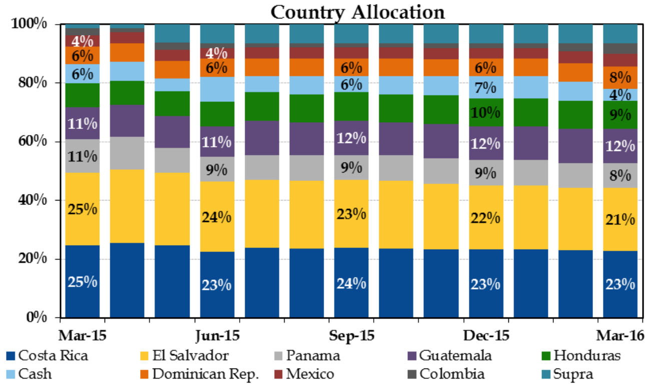
On average, investments by country show that Costa Rica and El Salvador have the most relative importance, with 23% and 22% share each, respectively. They are followed by Guatemala (12%) and Panama (9%). In terms of relative importance, the portfolio's composition by country did not demonstrate any major variations from the previous six-month period.

The variations in the portfolio's composition are related to a strategy to reduce the relative weight of the securities in countries with a more pessimistic economic dynamic, toward those that are benefited by this context.

CABEI Central American Portfolio
Country Allocation



4.3.1. Sovereign ratings of the main countries in the portfolio

As seen in the previous section, the main Central American countries where the Fund invests are Costa Rica, El Salvador and Guatemala, respectively. The risk rating of each of those countries to a certain extent reflects the susceptibility to which the Fund is subject. While it is true that the countries with the lowest ratings should offer higher returns (risk-yield ratio), one cannot ignore the fact that the likelihood of going into default increases, which in turn increases the Fund and its investors' exposure.

Since 2014, the three risk rating agencies that analyze credit quality in Costa Rica have issued alerts on the rise in the Central Government's tax deficit and its potential impact on the revision of these ratings.

Country risk ratings were updated in the first quarter of 2016. Standard & Poor's downgraded the long-term rating from BB to BB-, with which the entity reflects the continuous tax deterioration that has given rise to a growing debt burden. Additionally, the combination of persistent spending pressures and the lack of tax reform have gradually weakened public finances, and increased the country's vulnerability to external shocks.

Adding to the above, the three rating agencies have made changes to the country's outlook, going from Stable to Negative. The agencies justify this change in the continued tax deterioration, and the absence of expectations of a reform that could correct tax imbalances.

As far as strengths, Costa Rica has strong structural features in terms of per capita income, social development indicators and governance indicators versus its peers. It backs its ratings with its continued success in an economic model centered on high added-value activities (services and manufacturing), which are promoted by strong inflows of direct foreign investment.

Republic de Costa Rica - International risk rating through March 2016

Rating Agency	Update	Long term	Short term	Outlook
Standard & Poor's	25/02/2016	BB-	B	Negative
Moody's	08/02/2016	Ba1	n.a.	Negative
Fitch Ratings	20/01/2016	BB+	B	Negative

El Salvador is qualified as having a highly speculative sovereign debt. In December 2014, Standard & Poor's downgraded the rating from BB- to B+. This drop reflects the gradual erosion of the government's financial profile, due to a combination of the persistently low growth and elevated tax deficits. This rating was updated in December 2015.

In July 2015, Fitch Ratings downgraded the long term rating from BB- to B+, due to the country's growing debt burden and low growth in comparison to its peers.

Moody's changed the outlook from Stable to Negative in November 2015, reflecting the authorities' limited capacity to stop the public debt's upward trend amidst and elevated and persistent tax deficit and low economic growth.

The ratings generally reflect the slowed-growth scenario (with one of the lowest levels in Central America), an increase in public debt, a high vulnerability to external shocks, and a polarized political environment, among other factors.

Despite its public debt problem, the Government has been known for its strong record of applying reforms. The ratings issued for this country are backed by it macro-economic stability from the dollarization of the economy, and adequate capitalization of the banking system.

Its strengths include high regulatory levels in the banking and financial system, one digit inflation levels due to its

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dollarization, and the government's capacity to implement tax reforms.

Republic of El Salvador - International risk rating through March 2016				
Rating Agency	Update	Long term	Short term	Outlook
Standard & Poor's	22/12/2015	B+	B	Stable
Moody's	19/11/2015	Ba3	n.a.	Negative
Fitch Ratings	09/07/2015	B+	B	Stable

The sovereign ratings issued by Standard & Poor's and Fitch Ratings for Guatemala did not demonstrate a variation in the last revision conducted by both of these rating agencies in 2015. According to the rating agencies, the ratings reflect a moderate tax deficit, a stable monetary policy and a capacity for recovery of foreign accounts in light of the volatility of financial markets and the impairment of exchange terms.

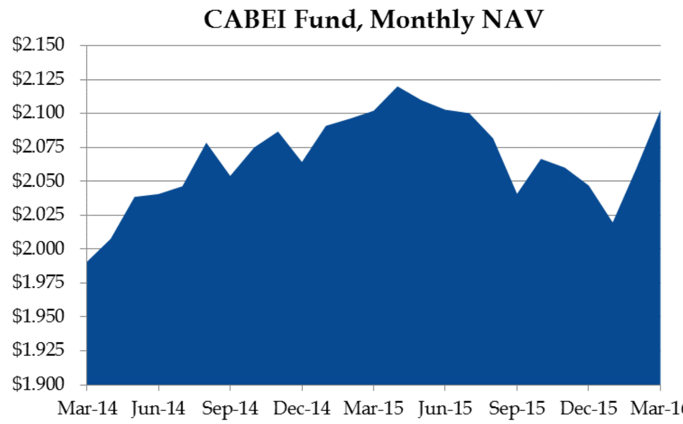
However, in May 2015, Moody's filed a worsening of Guatemala's outlook, going from a stable to a negative outlook. This decision is mainly due to a political crisis that has quickly increased as a result of the corruption scandals involving top government officials. Therefore, there was a rise in the likelihood that the macroeconomic stability and financial soundness of the government toward uncertainties brought about by these situations will be affected (but this likelihood remains low).

Some of the country's strengths include improvements in tax collection and in the budgetary process that improve the tax policy's flexibility, as well as higher investment rates and economic growth outlooks.

Republic of Guatemala - International risk rating through March 2016				
Rating Agency	Update	Long term	Short term	Outlook
Standard & Poor's	29/10/2015	BB	B	Stable
Moody's	26/05/2015	Ba1	n.a.	Negative
Fitch Ratings	19/06/2015	BB	B	Stable

4.4. Fund Performance.

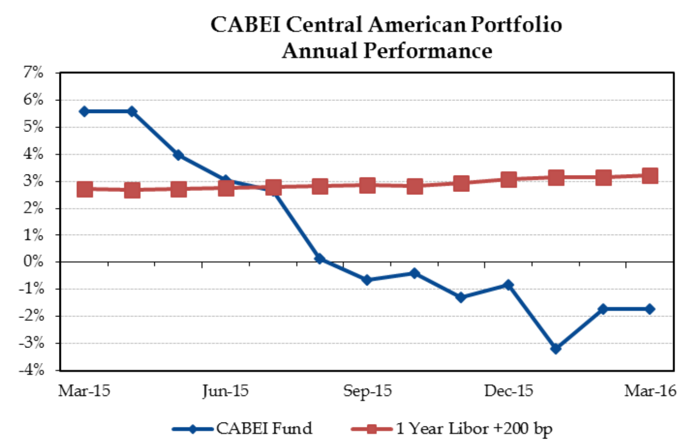
The value of the Fund's share reached $2.102,48 at the end March 2016, staying very close to the value recorded the prior year, involving a 3% increase in comparison to the close of the previous six-month period. This valuation is greatly in response to the behavior of Costa Rica, El Salvador and Guatemala securities, since these are the countries where the Fund concentrates most of its investments.



Despite vulnerabilities in emerging markets, CABEI Portfolio has proven capable of adapting its strategy to the situations ocurring in these markets.

Since the Fund is focused on investments in Central American securities, the valuation of its portfolio is closely related to the events of these markets. In light of current high tax deficits, the high vulnerability to external shocks and the low economic growth, there is a need for a careful selection of the countries to invest in, in order to achieve higher yields with an acceptable risk.

The Fund does not have a minimum yield goal. However, the investment manager may obtain a bonus if it operates above the established minimum rate. This minimum rate is equivalent to one-year Libor plus 200 bp. Starting in March 2015, the Fund's performance has shown a downward trend, reaching negative values starting in September 2015, and until the close of the analysis period, as shown in the following image.



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CABEI's performance during the six-month period under analysis was negative, behavior that responds to the environment presented by the emerging markets. Because of the slump in commodity prices, indexes and local currencies in Latin and Central America countries were heavily under pressure, therefore, the fund´s performance responds for such situations.

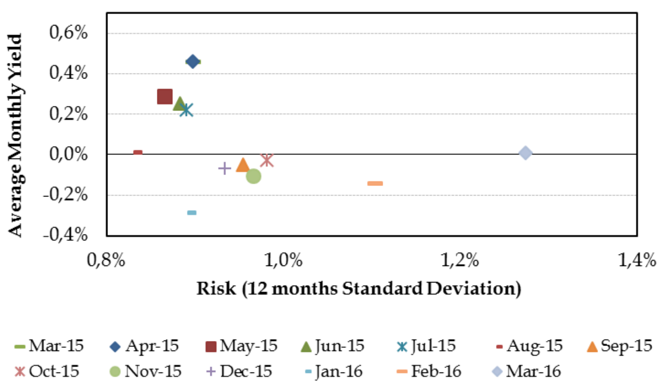
The Fund's portfolio is comprised of investments with investment grade issuers, as well as speculative grade issuers (21% and 73% on average, respectively.) This is related to a management that attempts to achieve the yields offered by the riskiest securities, at the same time combining it with the safest investments to mitigate those risks.

The Rating Committee highlighted that the performance of the Fund; mostly negative for the last year in analysis, does not reflect the risk that is assumed because of the markets in which it invests. It is also important to mention that the rating of sovereign risk of the main countries in which the Fund invests (Costa Rica, El Salvador and Guatemala) has deteriorated over the past year, which may have adverse effects on the Fund's performance.

The risk-yield ratio is obtained through the Fund's average yield in the last 12 months and its standard deviation. As mentioned before, the Fund's yields exhibited a downward trend as of the 2015 close, reaching negative values throughout the period under study. At the end of March 2016, it registered a negative 0,45 percent point variation in contrast with March 2015.

The volatility level has increased in comparison to the levels registered in 2015.

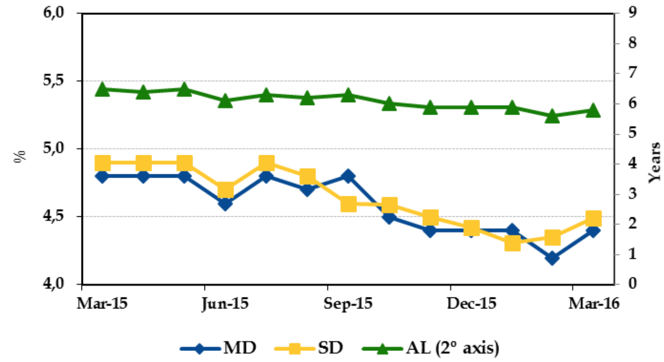
CABEI Central American Portfolio Risk - Yield



The Fund's strategy has been to decrease cash amounts, and to a lesser extent to drop the percentage of foreign/sovereign bonds to increase its investments in supra bonds.

The modified duration (MD) measures the impact of a 1% variation in the average yield over the change in the portfolio's value. For the six-month period under analysis, the portfolio's MD was at 4,38 on average, slightly dropping from the previous six-month average (4,78).

CABEI Fund - Duration Indicators and Weighted Av. Life



Similar to the MD's behavior, the average spread duration (SD), understood as the percentage change of the portfolio's prices as a result of a change in the sovereign spread, dropped for the six-month period reaching, 4,44 (4,81 the previous six months.)

This indicates that the portfolio has a higher exposure to changes in the credit risk of emerging markets, caused by a readjustment of the investment portfolio's structure, which considers investment positions with greater spreads and greater exposure to volatility, but that allows for a boost of the portfolio's yields.

The ratings have not been appealed by the rated entity. The Investment Fund rating methodology used by SCRiesgo was updated at the regulatory body in August 2013. SCRiesgo is issuing a risk rating to this issuer for the first time since 2009. All of the information included in the rating basis report is based on data obtained from issuers and subscribers, and other sources deemed reliable by SCRiesgo. SCRiesgo does not audit or test the accuracy and truthfulness of this information, nor does it consider the liquidity that the different securities might have in the primary or secondary market. The information in this document is presented exactly as it was provided by the issuer or manager, without assuming any kind of representation or guaranty.

"SCRiesgo considers that the information it has received is sufficient and satisfactory for the analysis."

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