

**CABEI Central American Fund plc - CABEI Central American Portfolio**

**INTERIM REPORT &  
UNAUDITED FINANCIAL STATEMENTS**

**For the six months ended 30 June 2016**

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**Organisation****Registered Office of the Company**

25/28 North Wall Quay  
IFSC  
Dublin 1  
Ireland

**Investment Manager\*\***

Deutsche Asset Management Investment GmbH  
Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany

**Administrator, Registrar and Transfer Agent**

Northern Trust International Fund Administration  
Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

**Secretary**

Goodbody Secretarial Limited  
25/28 North Wall Quay  
IFSC  
Dublin 1  
Ireland

**Fund Administration Services**

Lucy Robin & Co.  
41 Knapp Road  
Pound Ridge  
New York  
NY 10576  
USA

**Depository**

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

**Sponsoring Broker**

J & E Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

**Registered No: 303448**

\* Independent Directors

**Directors of the Company**

Walter Dostmann (German) (Chairman)\*

*Directors from Central American Bank for  
Economic Integration:*

Alejandro Rodriguez (Costa Rican)  
Nick Rischbieth Glöe (Honduran)

*Other Directors:*

Markus Kohlenbach (German)  
Michael Greene (Irish)\*  
Jaime Chavez (Honduran)\*  
Tom Geary (Irish)\*

**Legal Advisor**

A&L Goodbody  
IFSC  
North Wall Quay  
Dublin 1  
Ireland

**Independent Auditor**

KPMG  
Chartered Accountants & Statutory Audit Firm  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**Swiss Paying Agent**

NPB New Private Bank Ltd  
Limmatquai 1/am Bellevue  
CH – 8022 Zurich  
Switzerland

**Swiss Representation**

ACOLIN Fund Services AG  
Affolternstrasse 56  
CH-8050 Zurich  
Switzerland

\*\*Up to 17 March 2016, the Investment Manager was known as Deutsche Asset & Wealth Management Investment GmbH.

## Background to the Company

### Description

CABEI Central American Fund plc (the “Company”), incorporated on 12 March 1999 in Dublin, Ireland with registered number 303448, is a designated, limited liability, open-ended investment company with variable capital. It is an umbrella Company entitled to issue several classes of shares to be invested in several portfolios. The Company has issued shares in the CABEI Central American Portfolio (the "Fund"), which is the only current portfolio. The Company is administered by Northern Trust International Fund Administration Services (Ireland) Limited. The Investment Manager, Deutsche Asset Management Investment GmbH, is an indirect subsidiary of Deutsche Bank AG. The Fund is denominated in US Dollars.

The Company is domiciled in Ireland. It is authorised in Ireland as an investment company and is a designated investment Company pursuant to the Companies Act 2014, and is supervised by the Central Bank of Ireland (the “Central Bank”) as an Undertakings for Collective Investment in Transferable Securities (“UCITS”).

### Investment Objective and Policy

The Fund’s investment objective is to generate a high real rate of return. The Fund seeks to achieve this objective by investing primarily in debt and related instruments as well as equity and related instruments issued by sovereign issuers, their agents, state-owned issuers selected for privatisation, corporate issuers, supranational issuers, quasi-governmental issuers, and any other issuer deemed fit for investment by the Directors, or a committee thereof. Countries for investment will include the five founding member countries of the Central American Bank for Economic Integration (CABEI), namely, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua; CABEI’s seven extra-regional members, namely, Argentina, Colombia, Dominican Republic, Mexico, Panama, Republic of China and Spain; and CABEI’s single beneficiary member, Belize.

The Fund’s investment and borrowing restrictions are detailed in the Prospectus issued on 3 March 2016.

### Investment Management

Deutsche Asset Management Investment GmbH serves as Investment Manager pursuant to an investment management agreement dated 31 December 2004.

### Net Asset Value

The Net Asset Value of the Fund is calculated daily for every day that is a business day in Dublin and New York. The Net Asset Value of the Fund is calculated by dividing the value of the Fund’s Net Assets (the value of its assets less its liabilities) by the total number of shares outstanding. All securities held by the Fund, for which market quotations are readily available, are valued at the closing price on the primary exchange quoted for the securities. Debt securities are valued by independent pricing services approved by the Depositary of the Company. If the pricing services are unable to provide valuations, the securities are valued at the most recent bid quotation or evaluated price as applicable, obtained from a broker-dealer. Such service may use various pricing techniques, which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes.

All other securities and assets, for which market quotations are not readily available, are taken at probable realisation value as determined in good faith by the Directors (or by a pricing committee of Directors established for the purpose) with the approval of the Depositary, although the actual calculation may be done by other competent and responsible persons. Any assets or liabilities, initially expressed in currencies other than US Dollars, are translated into US Dollars at the closing rate of exchange quoted by a recognised pricing service. The Fund’s Net Asset Value per Share is available on Thomson-Reuters and Bloomberg electronic platforms. The ISIN code of the Company is IE0006076388.

**Background to the Company (Continued)****Issue and Repurchase of Shares**

The procedures for the issue and repurchase of shares are described in detail in the Prospectus dated 3 March 2016. The Fund's Dealing Day is every day that is a business day in Dublin and New York.

**Issue of Shares**

Allotments of shares are normally made with effect from a Dealing Day against applications received in Dublin by the Administrator by 9:00pm Dublin time on the preceding Business Day. Requests for the purchase of shares may be made by facsimile, email or in writing to the Administrator. Transaction settlement will be within three Business Days of the relevant Dealing Day.

**Repurchase of Shares**

Requests for the repurchase of shares must be received by the Administrator by 9.00pm Dublin time on a Business Day which is at least two Business Days prior to the relevant Dealing Day and will then normally be dealt with on that Dealing Day. Requests for the repurchase of shares may be made either by facsimile, email or in writing to the Administrator. Transaction settlement will be within three Business Days of the relevant Dealing Day.

**Published Information**

Shareholders will receive audited annual and unaudited semi-annual Reports of the Company on request. Notices of general meetings will be sent to shareholders at least twenty-one days prior to meetings. The Net Asset Value per Share is available on Thomson-Reuters and Bloomberg electronic platforms as well as on the Company's website. The subscription and redemption prices may be obtained from the Administrator at the contact information below.

A statement of changes in the composition of the portfolio during the period will be made available to shareholders on receipt of a written request.

Past performance is not necessarily a guide to future performance. Income from the investment may fluctuate in value in money terms. Changes in rates of exchange between currencies may cause the value of the shares to diminish or increase.

*Enquiries to:*

Northern Trust International Fund Administration Services (Ireland) Limited

Attn: John Dillon

Georges Court

54 – 62 Townsend Street

Dublin 2

Ireland

Tel: 353 1 5422928, Fax: 353 1 5422920

The above details are in summary form only and must be read in conjunction with the detailed information contained in the Prospectus dated 3 March 2016.

**Other Information**

The Company is registered in Switzerland with the Swiss Financial Market Supervisory Authority (FINMA) effective 29 September 2014. The Prospectus, the key investor information documents (“KIIDs”), the Memorandum and Articles of Association, the annual and semi-annual reports are available free of charge on [www.cabeifund.com](http://www.cabeifund.com) and from the Swiss legal representative, ACOLIN Fund Services AG.

## Investment Manager's Report

The net asset value of the CABEI Central American Portfolio increased by 5.45% in the first half of 2016. At the end of the reporting period, the fund had net assets of USD 108.6 million and a net asset value of USD 2157.89 per share.

### Latin America

- Comprehensive list of headwinds eased: commodity prices stabilized, growth momentum bottomed out, USD weakened since the beginning of the year and Fed was more dovish than expected.
- Due to much lower commodity prices inflation remains very low. So far, the impact of weaker local currencies is very limited.
- The Mexican Government announced a new set of prudent measures in February: changed FX system based on discretionary interventions in order to prevent large volatile swings of currency. Mexico's structural reforms are expected to have a positive, but only gradual, impact on potential growth in the medium term.
- In Brazil impeachment process against President Dilma Rousseff started. Results are not expected before autumn. Meanwhile, Michel Temer acts as an interim President. Coalition is fractious therefore it will be difficult to win majorities.
- In Chile weak mining & manufacturing activity are keeping GDP growth at roughly half of the growth potential (3%) this year.
- In Colombia further monetary and fiscal consolidation is required to rebalance the economy in a low oil price environment. GDP growth outlook is likely to remain below recent levels, while the fiscal deficit could rise from 3% last year. Discussions about a peace treaty with the Farc are looming from time to time.
- In Venezuela the economic situation remains very challenging. Pressure on President Maduro to step-down recently increased. Situation remains complicated.
- Recent political decisions in Argentina (currency flexibilisation, spending cuts) were important steps for getting market access again after several years.

### Central America and the Caribbean

- The drop in commodity prices is having several positive effects for the region. Inflation came down and also the current account deficits could be reduced.
- Growth is still influenced by the fundamental developments in the US. The growth stars of the region for the last couple of months were Panama and the Dominican Republic.
- During the first six months of the year Costa Rica had a political standstill. As a result, the Government was not able to issue an international bond. But recently, we have seen progress on the political front.
- The challenges El Salvador faces on security and boosting the competitiveness of its dollarized economy are steep and without easy solutions. Similar to Costa Rica we have a political standstill where the FMLN-led government could not get access to international markets at the moment.
- After the political meltdown in Guatemala in 2015 Jimmy Morales took over as new president. Beside the political turmoil, the fundamental situation is looking ok.
- The Dominican Republic remains the growth star of the region. Growth in the country is supported by a buoyant tourism sector, booming mineral (gold) exports, and rising remittances. The country benefits from acceleration of US growth, as well as the low oil price.
- Panama has finished the canal expansion. The expanded canal began commercial operation on June 26 2016. In the mid- to long run the expansion should have positive effects for the economy

### Investment Strategy

- While fiscal reform progress is still limited, we were constructive for Costa Rican sovereign and quasi-sovereign bonds with medium-term maturity.
- In El Salvador we see the risk of spread widening in the coming months, due to the lack of access to international financial markets.
- Although spreads of Honduras are already tight, they should be supported by a tighter fiscal stance.
- Panama and the Dominican Republic accounted for a good portion of the fund. Bonds of the Dominican Republic have underperformed during the 1H of 2016. In the mid-term we see the chance of a Rating upgrade, which should be supportive for the bonds.

**Investment Manager's Report (continued)**

**Investment Strategy (continued)**

- Investments in Mexico and Colombia represented a liquidity bucket and were kept well below 10% of NAV.
- Quasi-sovereigns (e.g. ICE, Ecopetrol, Pemex) which offer a higher carry than the respective government bonds were also part of the fund.
- In US Treasury sensitive markets (e.g. Mexico, Colombia, Panama), duration was kept limited.

*On behalf of the Investment Manager  
Deutsche Asset Management Investment GmbH*

*Nicolas Schlotthauer,  
Portfolio Manager*

*Roland Gabert,  
Portfolio Manager*

*8 July 2016*

**Statement of Comprehensive Income****For the six months ended 30 June 2016**

	<b>Six months ended 30 June 2016 US\$</b>	<b>Six months ended 30 June 2015 US\$</b>
<b>Income</b>		
Operating income	6	-
Net gains on financial assets and liabilities at fair value through profit or loss	<u>6,245,508</u>	<u>2,571,882</u>
<b>Total investment income</b>	6,245,514	2,571,882
Operating expenses	<u>(643,065)</u>	<u>(609,554)</u>
	(643,065)	(609,554)
<b>Net income</b>	<u>5,602,449</u>	<u>1,962,328</u>
<b>Finance costs</b>		
Interest expense	<u>(22)</u>	<u>-</u>
<b>Profit for the period</b>	<u>5,602,427</u>	<u>1,962,328</u>
<b>Increase in Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<u><u>5,602,427</u></u>	<u><u>1,962,328</u></u>

There are no recognised gains or losses arising in the period other than the increase in Net Assets Attributable to Holders of Redeemable Participating Shares resulting from operations of the Company. In arriving at the results of the period, all amounts above relate to continuing operations.

The accompanying notes form an integral part of the financial statements.



**Statement of Financial Position****As at 30 June 2016**

	<b>As at 30 June 2016 US\$</b>	<b>As at 31 December 2015 US\$</b>
<b>Assets</b>		
Cash and cash equivalents	7,243,627	7,685,160
Other Assets	18,064	39,123
Financial Assets at fair value through profit or loss	<u>101,637,785</u>	<u>95,454,438</u>
<b>Total Assets</b>	<u>108,899,476</u>	<u>103,178,721</u>
<b>Liabilities</b>		
Payables (amounts falling due within one year)	<u>(251,714)</u>	<u>(121,290)</u>
<b>Total Liabilities (excluding net assets attributable to Holders of Redeemable Participating Shares)</b>	<u>(251,714)</u>	<u>(121,290)</u>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<u><u>108,647,762</u></u>	<u><u>103,057,431</u></u>
<b>Net Asset Value per A Share Class</b>	<u><u>2,157.89</u></u>	<u><u>2,046.86</u></u>

The accompanying notes form an integral part of the financial statements.

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares****For the six months ended 30 June 2016**

	<b>Six month ended 30 June 2016 US\$</b>	<b>Six months ended 30 June 2015 US\$</b>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares at beginning of period</b>	<u>103,057,431</u>	<u>103,933,239</u>
Increase in Net Assets Attributable to Holders of Redeemable Participating Shares resulting from operations	<u>5,602,427</u>	<u>1,962,328</u>
Amounts received on issue of Redeemable Participating Shares	30,817,368	30,150,648
Amounts paid on redemption of Redeemable Participating Shares	<u>(30,829,464)</u>	<u>(30,173,664)</u>
Decrease in Net Assets resulting from Share transactions	<u>(12,096)</u>	<u>(23,016)</u>
<b>Net increase in shareholders' funds</b>	<u>5,590,331</u>	<u>1,939,312</u>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares at end of period</b>	<u><u>108,647,762</u></u>	<u><u>105,872,551</u></u>

The accompanying notes form an integral part of the financial statements.

**Statement of Cash Flows****For the six months ended 30 June 2016**

	<b>Six months ended 30 June 2016 US\$</b>	<b>Six months ended 30 June 2015 US\$</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	26,826,197	6,987,584
Purchase of investments	(26,764,438)	(6,232,204)
Interest paid	(22)	-
Other operating expenses paid	<u>(491,577)</u>	<u>(476,924)</u>
<b>Net cash (used in)/from operating activities</b>	<u>(429,840)</u>	<u>278,456</u>
<b>Share transactions</b>		
Proceeds from issue of redeemable participating shares resulting from operations	30,817,368	30,150,648
Payments of redemptions of redeemable participating shares resulting from operations	<u>(30,829,464)</u>	<u>(30,173,664)</u>
<b>Net cash used in financing activities</b>	<u>(12,096)</u>	<u>(23,016)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(441,936)	255,440
Cash and cash equivalents at beginning of period*	7,685,160	8,729,763
Foreign exchange gains/(losses) on cash and cash equivalents	<u>403</u>	<u>(662)</u>
<b>Cash and cash equivalents at end of period*</b>	<u><u>7,243,627</u></u>	<u><u>8,984,541</u></u>

The accompanying notes form an integral part of the financial statements.

\*Cash and cash equivalents include cash at bank, cash in hand and bank overdrafts.

**Notes to the Financial Statements****For the six months ended 30 June 2016****1. Significant Accounting Policies****a) Basis of preparation**

These condensed interim accounts have been prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards.

An updated Depositary Agreement dated 6 May 2016 was issued. Effective 6 May 2016, the Depositary is entitled to a fee which is accrued daily and paid monthly in arrears at an annual rate ranging from 2.75 basis points of the Net Asset Value for the first US\$100 million to 1.75 basis points of the Net Asset Value in excess thereof, subject to a minimum monthly fee of US\$1,000. The sub-custodian is also entitled to a fee subject to a minimum annual custody fee of US\$1,500, Northern Trust Fiduciary Services (Ireland) Limited shall also be entitled to receive out of the Fund's assets safe-keeping fees, transaction charges, pooled/single line asset fees, account fees, derivative fee, Investment Risk and Analytical Service fees, client pricing and due diligence fees.

The financial statements have been prepared for the six months ended 30 June 2016.

**b) Foreign Exchange**

The following exchange rates were used to convert investments, assets and liabilities to the functional currency of the Company:

	As at 30 June 2016	As at 31 December 2015	As at 30 June 2015
	US\$1=	US\$1=	US\$1=
Costa Rican Colon (CRC)	546.6700	537.3000	533.7000
Euro (EUR)	0.9001	0.9206	0.8975
Mexican Peso (MXN)	18.4493	17.2712	15.6906

**2. Efficient Portfolio Management**

The Investment Manager may utilise derivatives and other techniques and instruments (including, but not limited to, options, swaps, futures and forwards) whether the intention of providing protection against risks of gaining exposure to certain markets, sectors or securities, or otherwise of increasing the return on the Assets of the Portfolio. Such derivatives and other techniques and instruments will only be used for efficient portfolio management purposes in accordance with the conditions and limits laid down by the Central Bank of Ireland. The Investment Manager may also, when facilities become available in the relevant markets, lend the Portfolio securities and/or purchase securities subject to repurchase agreements.

There were no open financial derivative instruments held at the period end.

**3. Fair Value****Fair Value Disclosure**

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. Per IFRS 13, 'Fair value measurement', the Fund utilises the last traded market price for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Notes to the Financial Statements (Continued)****For the six months ended 30 June 2016****3. Fair Value (Continued)****Fair Value Disclosure (Continued)**

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments where relevant, such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

**Notes to the Financial Statements (Continued)****For the six months ended 30 June 2016****3. Fair Value (Continued)****Fair Value Disclosure (Continued)**

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value at 30 June 2016.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial Assets held for trading:				
<b>Debt instruments*</b>				
United States Dollar				
Corporate Bond	-	11,685,069	-	11,685,069
Government Bond	-	77,319,730	-	77,319,730
Supranational	-	12,632,986	-	12,632,986
<b>Subtotal</b>	<u>-</u>	<u>101,637,785</u>	<u>-</u>	<u>101,637,785</u>

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value at 31 December 2015.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Assets</b>				
Financial Assets held for trading:				
<b>Debt instruments*</b>				
United States Dollar				
Government Bond	-	91,251,242	-	91,251,242
Supranational	-	4,203,196	-	4,203,196
<b>Subtotal</b>	<u>-</u>	<u>95,454,438</u>	<u>-</u>	<u>95,454,438</u>

There were no Level 3 investments held at period end or in the prior period.

There were no significant transfers between Level 1, Level 2 and Level 3 during the period or in the prior period.

\*Includes accrued bond interest income.

**4. Net Asset Value**

	As at 30 June 2016 US\$	As at 31 December 2015 US\$	As at 30 June 2015 US\$
Net Asset Value	108,647,762	103,057,431	105,872,551
Shares Outstanding	50,349	50,349	50,349
Net Asset Value per A Share Class	2,157.89	2,046.86	2,102.77

**Notes to the Financial Statements (Continued)****For the six months ended 30 June 2016****5. Related Party Transactions**

IAS 24 "Related Party Transactions" requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

**Investment Manager**

Related parties include the Investment Manager. Fee charged during the period amounted to \$374,937 (30 June 2015: \$365,405), of which \$128,632 (31 December 2015: \$52,434) was payable at period end.

**Directors' fee**

Director's fees charged during the period amounted to \$55,779 (30 June 2015: \$49,362), of which \$Nil (31 December 2015: \$Nil) was payable at period end.

**Shareholding of related parties**

Central American Bank for Economic Integration ("CABEI") had an interest of 99.31% (31 December 2015: 99.31%) in the shares of the Company at the period end. During the period ended 30 June 2016 CABEI redeemed 14,400 shares (31 December 2015: 14,400 shares) and subscribed 14,400 shares into the Fund (31 December 2015: 14,400 shares). Transactions for the period ended 30 June 2016 were done on an arms length basis. Walter Dostmann (Company Chairman) holds one subscriber share.

**6. Connected Persons**

Any transaction carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected parties entered into during the year complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

**7. Taxation**

The Company will not be liable for tax in respect of its income and gains, other than on the occurrence of a chargeable event.

Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" being an eight year period beginning with the acquisition of the shares by the Shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A chargeable event does not include:

- i) Any transactions in relation to Redeemable Participating Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or,
- ii) An exchange of Redeemable Participating Shares representing one Sub-fund for another Sub-fund of the Company; and,
- iii) An exchange of Redeemable Participating Shares arising on a qualifying amalgamation or reconstruction of the Company with another fund.

**Notes to the Financial Statements (Continued)****For the six months ended 30 June 2016****7. Taxation (Continued)**

A chargeable event will not occur in respect of Redeemable Participating shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect. There were no chargeable events during the period.

In the absence of an appropriate declaration, the Company will be liable for Irish tax on the occurrence of a chargeable event and the Company reserves its right to withhold such taxes from payments to relevant shareholders.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders. A chargeable event includes any distribution payment to shareholders or any encashment, redemption or transfer of shares or an ending of a relevant period.

**8. Soft Commission Arrangements**

There are no soft commission arrangements affecting the Company during the period, or in the prior period.

**9. Significant Changes During the Period**

An updated prospectus was issued dated 3 March 2016.

An updated Depositary Agreement dated 6 May 2016 was issued. Effective 6 May 2016, the Depositary is entitled to a fee which is accrued daily and paid monthly in arrears at an annual rate ranging from 2.75 basis points of the Net Asset Value for the first US\$100 million to 1.75 basis points of the Net Asset Value in excess thereof, subject to a minimum monthly fee of US\$1,000. The sub-custodian is also entitled to a fee subject to a minimum annual custody fee of US\$1,500, Northern Trust Fiduciary Services (Ireland) Limited shall also be entitled to receive out of the Fund's assets safe-keeping fees, transaction charges, pooled/single line asset fees, account fees, derivative fee, Investment Risk and Analytical Service fees, client pricing and due diligence fees.

There have been no other changes during the period ended 30 June 2016.

**10. Significant Events Since the Period End**

There have been no events subsequent to the period end, which, in the opinion of the Directors of the Company, may have had an impact on the financial statements for the six months ended 30 June 2016.

**11. Approval of Financial Statements**

The financial statements were approved by the board on 22 August 2016.



## Schedule of Investments

As at 30 June 2016

The percentages in brackets show the equivalent country and sector holdings at 31 December 2015.

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Bonds: 92.14% (31 Dec 2015: 91.17%) - Principal Amount (a)</b>			
<b>United States Dollar: 92.14% (31 Dec 2015: 91.17%) - denominated</b>			
<b>Corporate Bonds: 10.59% (31 Dec 2015: 0.00%)</b>			
3,000,000	Banco de Costa Rica 5.25% 12/08/2018	3,075,000	2.83
2,500,000	Banco Nacional de Costa Rica 4.875% 01/11/2018	2,537,500	2.33
600,000	Ecopetrol 7.625% 23/07/2019	687,000	0.63
842,000	Global Bank 5.125% 30/10/2019	865,155	0.80
1,000,000	Petroleos Mexicanos 2.65% 18/07/2018	990,000	0.91
900,000	Petroleos Mexicanos 5.50% 21/01/2021	947,250	0.87
500,000	Petroleos Mexicanos 5.75% 01/03/2018	522,750	0.48
1,700,000	Petroleos Mexicanos 8.00% 03/05/2019	1,892,950	1.74
<b>Government Bonds: 70.03% (31 Dec 2015: 87.14%)</b>			
2,000,000	Colombia Government International Bond 4.375% 12/07/2021	2,137,000	1.97
2,000,000	Colombia Government International Bond 11.75% 25/02/2020	2,611,000	2.40
4,400,000	Costa Rica Government International Bond 4.25% 26/01/2023	4,188,800	3.85
2,600,000	Costa Rica Government International Bond 4.375% 30/04/2025	2,408,900	2.22
500,000	Costa Rica Government International Bond 7.00% 04/04/2044	495,000	0.46
5,000,000	Costa Rica Government International Bond 9.995% 01/08/2020	5,997,500	5.52
1,100,000	Dominican Republic International Bond 5.50% 27/01/2025	1,119,250	1.03
3,000,000	Dominican Republic International Bond 5.875% 18/04/2024	3,127,500	2.88
2,000,000	Dominican Republic International Bond 6.60% 28/01/2024	2,160,000	1.99
2,500,000	Dominican Republic International Bond 7.50% 06/05/2021	2,770,000	2.55
1,500,000	El Salvador Government International Bond 5.875% 30/01/2025	1,342,500	1.24
1,470,000	El Salvador Government International Bond 6.375% 18/01/2027	1,278,900	1.18
9,000,000	El Salvador Government International Bond 7.375% 01/12/2019	9,022,500	8.30
500,000	El Salvador Government International Bond 7.625% 01/02/2041	443,750	0.41
4,500,000	El Salvador Government International Bond 7.75% 24/01/2023	4,471,875	4.12
2,200,000	El Salvador Government International Bond 8.25% 10/04/2032	2,101,000	1.93
4,700,000	Guatemala Government Bond 4.875% 13/02/2028	4,841,000	4.46
7,000,000	Guatemala Government Bond 5.75% 06/06/2022	7,770,000	7.15
4,300,000	Honduras Government International Bond 7.50% 15/03/2024	4,673,326	4.30
4,800,000	Honduras Government International Bond 8.75% 16/12/2020	5,436,000	5.00
900,000	Mexico Government International Bond 5.125% 15/01/2020	997,650	0.92
1,000,000	Panama Bonos del Tesoro 5.625% 25/07/2022	1,086,470	1.00
2,000,000	Panama Government International Bond 4.875% 05/02/2021	2,115,000	1.95
3,300,000	Panama Notas del Tesoro 5.00% 15/06/2018	3,474,900	3.20
<b>Supranational: 11.52% (31 Dec 2015: 4.03%)</b>			
2,500,000	Banco Latinoamericano de Comercio Exterior 3.25% 07/05/2020	2,493,750	2.30
2,700,000	Banco Latinoamericano de Comercio Exterior 3.75% 04/04/2017	2,740,500	2.52
1,400,000	Central American Bank for Economic Integration 3.875% 09/02/2017	1,411,620	1.30
900,000	Instituto Costarricense de Electricidad 6.375% 15/05/2043	697,500	0.64
5,000,000	Instituto Costarricense de Electricidad 6.95% 10/11/2021	5,175,000	4.76
<b>Total United States Dollar - denominated</b>		<b>100,105,796</b>	<b>92.14</b>
<b>Total Bonds</b>		<b>100,105,796</b>	<b>92.14</b>
<b>Total Financial assets at fair value through profit or loss</b>		<b>100,105,796</b>	<b>92.14</b>

**Schedule of Investments**

As at 30 June 2016 (Continued)

The percentages in brackets show the equivalent country and sector holdings at 31 December 2015.

	Fair Value US\$	% of Net Assets
Accrued Income on Financial Assets at Fair Value through Profit or Loss (2015: 1.45%)	1,531,989	1.41
Total Value of Investments (Cost: US\$ 100,056,910)	101,637,785	93.55
Cash and cash equivalents*	7,243,627	6.67
Other Net Liabilities	(233,650)	(0.22)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>108,647,762</b>	<b>100.00</b>

\*All cash holdings are held with The Northern Trust Company, London Branch.

(a) in US Dollar, unless noted.

**Analysis of Total Assets**

	% of Total Assets
Transferable Securities admitted to an official Stock Exchange Listing	93.33
Other Assets	6.67
	<b>100.00</b>

**Schedule of Portfolio Changes\***

For the six months ended 30 June 2016 - US Dollar (unless noted)

**All Purchases**

<b>Holdings</b>		<b>Cost US\$</b>
2,000,000	Colombia Government International Bond 11.75% 25/02/2020	2,618,000
2,000,000	Dominican Republic International Bond 6.60% 28/01/2024	2,103,000
1,100,000	Colombia Government International Bond 4.375% 12/07/2021	1,145,650
1,000,000	Colombia Government International Bond 7.7375% 18/03/2019	1,117,400
1,000,000	Dominican Republic International Bond 5.875% 18/04/2024	1,029,500
1,000,000	Petroleos Mexicanos 2.65% 18/07/2018	992,390
500,000	Petroleos Mexicanos 5.75% 01/03/2018	518,750
530,000	Dominican Republic International Bond 5.50% 27/01/2025	494,225

**All Sales**

<b>Holdings</b>		<b>Proceeds US\$</b>
1,500,000	El Salvador Government International Bond 7.75% 24/01/2023	1,508,400
1,500,000	El Salvador Government International Bond 5.875% 30/01/2025	1,327,500
1,000,000	Colombia Government International Bond 7.7375% 18/03/2019	1,138,860
1,000,000	El Salvador Government International Bond 7.375% 01/12/2019	1,010,200
600,000	Panama Government International Bond 9.375% 16/01/2023	805,500
568,348	Dominican Republic International Bond 9.04% 23/01/2018	603,301
400,000	Panama Government International Bond 7.125% 29/01/2026	522,040
142,087	Dominican Republic International Bond 9.04% 23/01/2018	142,087

\*The above represents the total sales and purchases for the period under review.

**Appendix I - Additional Information for Investors in Switzerland**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<b>Total Expense Ratios <sup>1</sup>:</b>		
CABEI Central American Fund plc	1.23%	1.17%

The Total Expense Ratio (“TER”) was calculated according to currently valid guidelines of the Swiss Funds & Asset Management Association SFAMA.

**Other Information:**

ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich is the authorised legal representative in Switzerland. All important information such as the Prospectus, Articles of Association, the key investor information documents (“KIIDs”) the statement of purchases and sales and the annual or semi-annual report can be obtained free of charge from the latter at the following address.

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<sup>1</sup>The Total Expense Ratio (“TER”) is calculated according to the following formula:  
(total expenses / Average Fund assets)\* 100.