CABEI Central American Portfolio
December 30, 2016

CABEI Central American Bank for Economic Integration Central American Fund

FUND COMPANY

CABEI Central American Bank for Economic Integration Central American Fund

INVESTMENT ADVISOR

Deutsche Asset Management Investment GmbH

FUND SPONSOR

Central American Bank for Economic Integration

CABEI

Fund: CABEI Central American Portfolio **Fund Domicile**: Republic of Ireland **Launch Date:** March 12, 1999
Regulator: Central Bank of Ireland
Investor Profile: The CABEI Central American Portfolio is suitable for investors who are prepared to accept, in normal market conditions, a medium to high degree of volatility of Net Asset Value from time to time and is suitable as an investment in a well-diversified portfolio.
Minimum Investment: USD 5,000

Prices are published daily on Reuters and Bloomberg.

ISIN: IE0006076388
BLOOMBERG: CABCAMI ID

Portfolio Management

The Fund is managed by a team of experienced investment professionals with guidance from the Fund's Investment Committee. We believe this approach utilizes the expertitise of several individuals who have an in-depth understanding of the diverse macro and micro trends affecting the regional marketplace.

CONTACT US

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FUND OBJECTIVE

The Portfolio's investment objective is to generate a high real rate of return for investors. It is the goal of the Portfolio to invest the majority of its assets primarily in the debt securities of Central American countries (such as Guatemala, Honduras, Nicaragua, El Salvador, and Costa Rica) that are founding members of the Central American Bank for Economic Integration (CABEI), subject to prevailing market conditions and having regard to the risk/return profile of the Portfolio.

Month End NAV

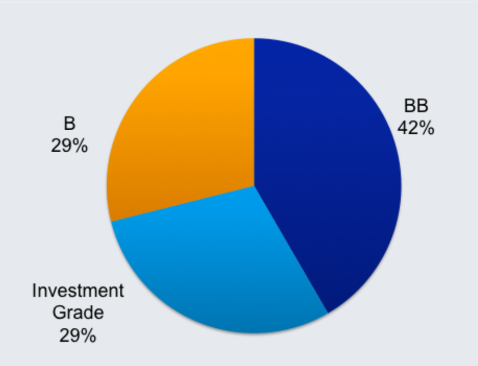
Current month: $ 2,177.89
Prior month: $ 2,146.19
Shares: 50,363

Performance

Month	YTD	1yr	3yr	Life
1.5%	6.4%	6.4%	10.9%	117.8%

Portfolio Analysis

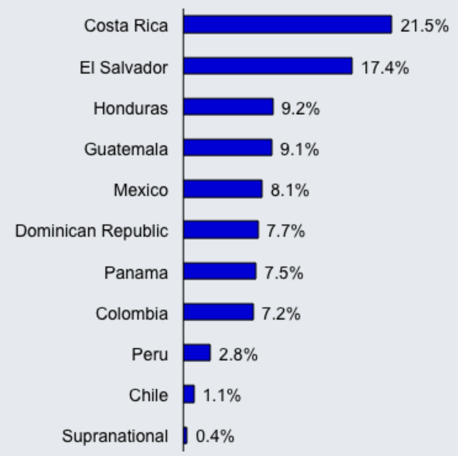
Rating Allocation



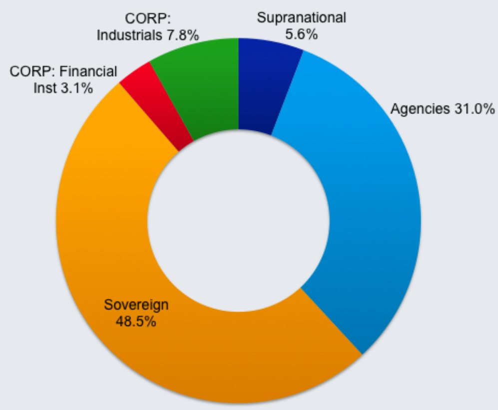
Key Asset Figures

Net asset value (USD mn)	109.7
Number of issues	42
Average coupon	5.8%
Average yield	4.5%
Average maturity (years)	5.1
Modified duration	4.0
Spread duration	4.0
Convexity	0.3
Average rating	BB

Country Allocation



Issuer Distribution



CABEI Central American Portfolio NAV Since Inception

CABEI Central American Portfolio
December 30, 2016
Investment Manager's Report

USD-denominated bonds of emerging market sovereign and quasi-sovereign issuers posted a positive return in December (+1.3%). Yields of US Treasury bonds temporarily moved higher after the US central bank ("Fed") raised interest rates and provided comments on the interest rate outlook. This also had moderate impact on cash prices of USD bonds from some emerging market countries. In turn, the overall positive news flow for many emerging economies provided support for the asset class of emerging market bonds. An outperformance was recorded for several commodity-exporting smaller countries with very low rating (Venezuela, Ghana, Gabon, Zambia). Meanwhile, a return below index average was seen for bonds of several countries with higher rating and lower risk premium (Slovakia, Philippines) and of Indonesia. The latter was driven by the fact that this sovereign issued three new USD sovereign bonds at the beginning of the month, which was temporarily weighing on prices in secondary markets.

In December lower rated countries outperformed. Best performer was Venezuela (+7.9%) followed by Ecuador (4.3%) where bonds benefited from announced production cuts by the OPEC and the subsequent increase in Oil prices.
S&P changed the rating for El Salvador to B- with a negative outlook. The move was expected and the market did not react afterwards. Sovereign bonds benefited from attractive yields and latest news regarding an IMF visit. Bonds of the country performed +4.2% in December on average.

Most of the other smaller countries in the region benefitted from the better market sentiment during the last month of the year (Jamaica +3.1%, Honduras +3.1%, Guatemala +2.5%). Only the performance of Dominican Republic (+0.6%) disappointed. One of the reasons was the possibility that the country will tap into international markets in 2017. The country placed a $100 mio bond on the local market. In addition to the local USD placement, the government may issue another $160 million in DOP. Officially, the explanation for the financing increase is that revenues in the first half of the year came in below expectations so they need to cover the shortfall. It's more likely due to some overspending during this year's election and insufficient cuts in the second half of the year to compensate. The fiscal deficit for the year will probably turn out to be closer to the 2.7% referenced in the 2017 budget documents that no one paid attention to, and not the 2.3% that is the official target. In any case, acknowledging the actual result is a step forward in transparency. This leaves them another $500 million to compensate for the financing they expected from Brazil's BNDES that vanished alongside Rousseff's presidency. This could be covered by issuing a USD bond.

An underperformance compared to broader market was seen in countries were spread levels are tight and correlation to US-treasuries is very high (Panama -0.3%, Bolivia -0.2%).

Glossary

Average Yield is the portfolio's average return based on its interest income, capital gains, or capital losses inclusive of its collateral cash flows.
Modified duration is the percentage price change of the portfolio for a given change in average yield. The higher the modified duration, the higher the portfolio's risk.
Country Allocation refers to country / business risk of the security, not to the country of issuance (of importance for offshore issues).

Sources

The performance of market indices are calculated using Bloomberg data.
The fund performance is calculated using data provided by the custodian, Northern Trust Securities Services Ireland Ltd.
Portfolio statistics are calculated using Bloomberg's Portfolio analytics and Open Bloomberg data, on the basis of pricing provided by the custodian, Northern Trust Fiduciary Services (Ireland) Ltd.
The Fund Administrator is Northern Trust International Fund Administration Services (Ireland) Ltd.