

# CABEI Central American Portfolio

July 31, 2017



## FUND COMPANY



## INVESTMENT ADVISOR



## FUND SPONSOR



**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 expertise 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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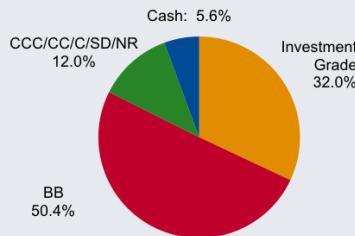
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## FUND OBJECTIVE

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	Performance				
	Month	YTD	1yr	3yr	Life
Current month: \$ 2,278.74					
Prior month: \$ 2,262.38	0.72%	4.6%	2.3%	11.36%	127.9%
Shares: 51,182					

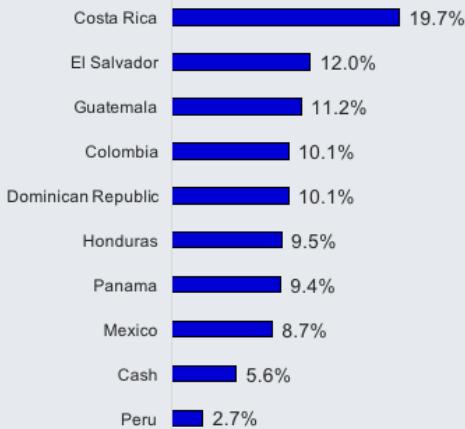
## Rating Allocation



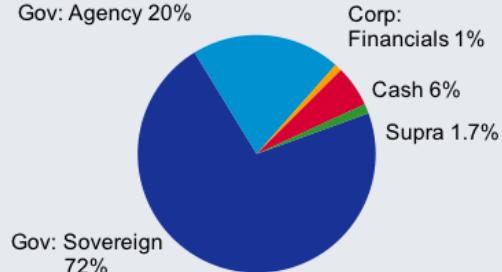
## Key Asset Figures

Net asset value (USD million)	116.5
Number of issues	45
Average coupon	5.9%
Average yield	3.9%
Average maturity (years)	4.5
Modified duration	3.7
Spread duration	3.7
Convexity	0.2
Average Rating	BB

## Country Allocation



## Issuer Distribution



## CABEI Central American Portfolio - NAV Since Inception



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## Investment Manager's Report

USD-denominated bonds of emerging market sovereign and quasi-sovereign issuers posted a positive return in July (+0.8%, in USD). The asset class benefited from a recovery of some commodity prices (like oil and copper), from a stable development in capital flows and from the low amount of new bond issuance. In addition, the sideways move of US Treasury bonds yields was also supportive for many emerging market bonds. While US yields moved higher in the first half of the month, global bond markets recovered ground after the Fed decided to leave interest rates unchanged. A return above index average was recorded for bonds of a few countries with lower rating and small index weight (Iraq, Mozambique, Mongolia). Furthermore, bonds of some commodity-exporting issuers from South America and Africa (Ecuador, Cote d'Ivoire, Zambia) also held up well. A sharp cash price decline was observed for bonds from Venezuela. This was driven by rising uncertainty about political developments in the country.

In Brazil, the decision by the Lower House to reject corruption charges against President Temer by a margin of 263 versus 227 signals the government's relatively solid position within Congress and market participants had viewed the margin as a barometer for the potential passage of the pension reforms. The positive adjustments in Brazilian macro fundamentals have been thus far hampered by the uncertainties around Temer's presidency and the implications on the approvals of reforms. The outcome of the vote in the Lower House reduces political uncertainties in the short term.

The Supreme Court in El Salvador got bored with the current political plotline and kicked over the entire table. It overturned an increase in the private pension funds' (AFPs) exposure limit to CIP debt, the debt used to pay public sector pension obligations. The government could still try to move forward with its latest pension reform proposal. But it looks less likely that it would become law even if approved. The language of the Supreme Court's decision implies it too could be overturned. The government continues to prioritize short-term solutions while clearly leaving the hard policy making to whichever party will be able to muster a majority in Congress after the March 2018 elections.

In July, the best external debt performer in Latin America was Trinidad & Tobago (+2.4% in USD), followed by Ecuador (+2.4%, in USD), Dominican Republic (+2.2%, in USD), Mexico (+1.9%, in USD), Brazil (+1.8%, in USD), and Honduras (+1.8%, in USD). Venezuela (-12.3%, in USD) and Argentina (0.0%, in USD) led the group of worst performers. In Venezuela, the general political and economic situation worsened over the course of July. Political situation is very unclear, so volatility in Bonds of Venezuela should remain high.

### Notes to the Investor and Disclosures

The Funds are not available to US Persons (as such term is defined in the Fund Prospectus). Restrictions also apply to residents of the United Kingdom, Cayman Islands, Hong Kong, Singapore, and Japan, further details of which are contained in the Fund Prospectus. The Fund Prospectus also contains restrictions on the marketing, offer, sale, and distribution of the shares to investors in the United Kingdom, Cayman Islands, Hong Kong, Singapore, and Japan.

The fund is registered as a UCITS fund (Undertakings for Collective Investment in Transferable Securities) pursuant to the European Communities Regulations, 2011 (S.I. No. 352 of 2011). UCITS are recognized globally as the gold standard in open-ended, diversified, liquid products with sound regulatory standards. The Company is authorized and regulated by the Central Bank of Ireland.

Although care is taken to understand and manage the principal risks\* of investing in the Fund which could adversely affect the net asset value, yield and total return, the Fund and accordingly the shareholders in the Fund will ultimately bear the risks associated with the investments of the Fund. Potential investors should consult their professional financial and tax advisers before making an investment.

The current document is intended for information purposes only and shall not be used as an offer to buy and/or sell shares.

The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be a reliable guide to future performance.

All data is as of the last business day of the month noted in the header, unless otherwise noted.

In Switzerland, the authorized legal representative through June 30, 2017 is ACOLIN Fund Services AG, Affoltern Strasse 56, CH-8050 Zurich; the authorized legal representative as of July 1, 2017 is First Independent Fund Services LTD, Klausstrasse 33, CH - 8008 Zurich. The Paying Agent is NPB Neue Privatbank AG, Limmatquai 1, CH-8001 Zürich.

The Basic documents of the Funds such as the prospectus, the key investor information document (KIID), the Articles of Association, as well as the semi-annual and annual reports, may be obtained free of charge at the office of the Representative in Switzerland.

\* These risks include but not limited to market risk, liquidity risk, credit risk, currency risk, and emerging market risk.

### 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.