INVESTMENT COMMENTARY

Sagicor MUTUAL FUNDS

Sagicor Funds Inc December 2014

International equity markets performed creditably amid a volatile investment environment. During the fourth quarter of 2014, continued geopolitical tension in the Middle East and Ukraine, and a significant decline in crude oil prices weighed on market sentiment. U.S. equity markets led returns in global equities for the quarter to secure solid performances as key U.S. equity indices ended the year with double digit returns. The U.S. economic recovery maintained momentum as evidenced by robust economic growth of 5.0% reported for the third quarter of 2014, the fastest rate since 2003. The unemployment rate showed relative improvement and declined to 5.6% in December. Emerging market equities lagged the performance of their developed market counterparts, and ended the quarter in negative territory. Regionally, equity markets recorded gains for the final quarter of 2014 and ended a lackluster year on a positive note.

Generally, global fixed income markets registered relatively depressed performances for the quarter but recorded relative growth for the year. Fixed income markets in the U.S. benefited from an increased demand for safe haven assets coupled with the relative strengthening of the U.S. dollar as compared to other major currencies. During the quarter, yields on longer maturity Treasuries declined. The yield of the 10 year Treasury bond declined to 2.17% as at December 31 2014 from 2.52% as at September 30, 2014 and consequentially its corresponding value increased. Emerging markets U.S denominated debt was the best performing segment and was another significant beneficiary of the relatively stronger U.S. dollar while domestic currency denominated emerging market debt experienced a relative underperformance.

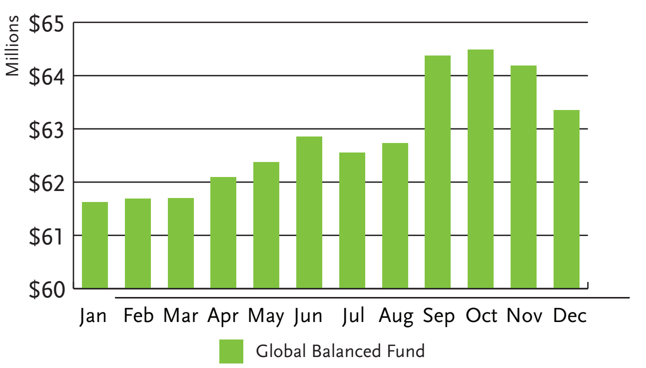
For the year ended December 31, 2014 the performances across the Sagicor suite of mutual funds trended positively. The Sagicor Preferred Income Fund returned 3.8% while the Sagicor Global Balanced Fund and Sagicor Select Growth Fund both increased by 1.1% and 0.3%, respectively. The Sagicor Funds experienced mixed performances for the fourth quarter of 2014. The Sagicor Select Growth Fund and the Sagicor Global Balanced Fund decreased 1.5% and 0.7% respectively for the quarter, while the Sagicor Preferred Income Fund gained 1.0% for the period.

The Federal Open Market Committee (FOMC) continued to pursue its mandate of maximizing employment and price stability. In the U.S. key economic indicators showed improvement therefore, the FOMC ended its bond repurchase program. However, concerns surrounding the low inflation rate prompted the FOMC to maintain the Fed Funds Rate at the range of 0.00% - 0.25% for the foreseeable future. Inflation remained subdued and was reflected at 1.3% as at November 2014.

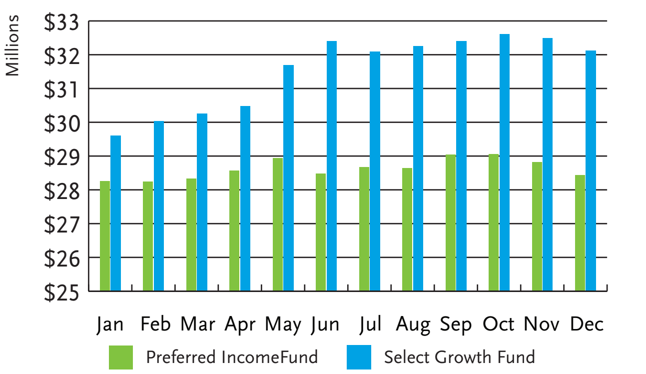
U.S. equity markets ended the fourth quarter with positive returns. The DJIA Index and the NASDAQ Composite gained 5.2% and 5.7%, respectively, while the S&P 500 Index increased 4.9% for the quarter. The S&P 500 Index and the NASDAQ Composite 2014 returns increased to 14.7% and 13.7% while the DJIA Index returned 10.0%. Both international developed equities and emerging markets lagged the US equities for the quarter and the year. The FTSE 100 Index decreased 0.8% while the German DAX Index increased by 4.0% for the fourth quarter of 2014. The MSCI EAFE Index decreased 3.5% for the quarter, while the MSCI Emerging Market Index decreased by 4.4%. The MSCI EAFE declined 4.5% for 2014 while the MSCI Emerging Market Index decreased by 1.8%.

Regional indices recorded gains for the fourth quarter of 2014. The Trinidad and Tobago Stock Index and the Barbados Stock Exchange increased 0.7% and 0.1% respectively. The Jamaica Stock Index advanced by 2.7% for the quarter. However, for the year-to-date period, regional indices recorded relative declines. The Barbados Stock Index experienced a significant decrease and declined by 28.6%, while the Jamaica Stock Index and the

NET ASSETS 2014



NET ASSETS 2014

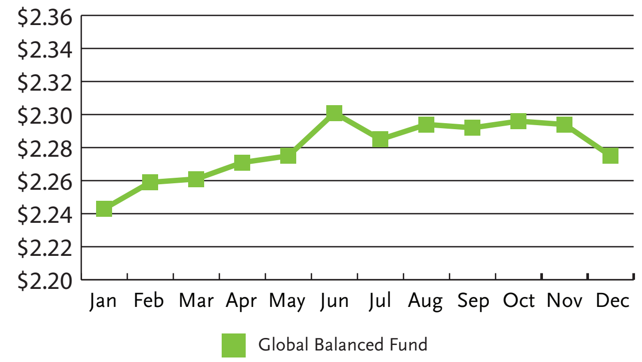


Trinidad and Tobago Stock Index decreased 5.3% and 2.9% respectively. The Barbados three-month Treasury Bill rate was 2.55% and the six-month Treasury Bill rate rose to 3.52%.

The Sagicor Global Balanced Fund net assets amounted to $63.3 million at the end of 2014. The Sagicor Preferred Income Fund and the Sagicor Select Growth Fund net assets stood at $28.4 million and $32.1 million, respectively. For the fourth quarter the Sagicor Global Balanced Fund and the Sagicor Select Growth Fund recorded net investment losses of $0.4 million and $0.5 million respectively. During the quarter, the performance of the Select Growth Fund and Global Balanced Fund was constrained by the decline in the international equity markets and selected regional holdings within the respective portfolios. The Preferred Income was positively impacted by the continued improvements in the fixed income markets and recorded interest income of $0.4 million.

The IMF projection for global growth remained at 3.3% for 2014 while the forecast for 2015 was revised downward to 3.5% down from 3.8% announced in October 2014. The revision was due to anticipated deteriorating growth in China and relatively depressed economic activity in advanced economies such as Europe and Japan, as Japan slipped into a recession as evidenced by two consecutive quarters of contraction. Economic growth within Europe remained tepid while Japan's economy contracted by 1.6% for the third quarter of 2014. During the fourth quarter, Japan expanded its monetary stimulus through the purchase of Government of Japan bonds and the extension of the current maturity profile. Emerging markets are expected to maintain the lead in spurring global growth, however, major emerging market economies such as Russia and Brazil continued to show signs of economic slowdown largely attributable to softer commodity prices such as crude oil and reduced export levels. Locally the IMF projected Barbados' growth for 2015 to 0.5% and anticipated that the economy will record a slight contraction of 0.6% for 2014.

FUND PERFORMANCE 2014



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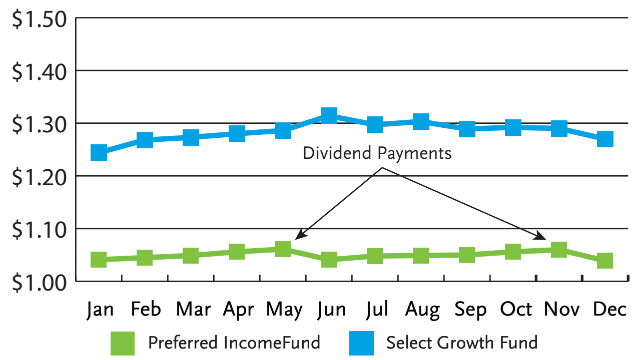
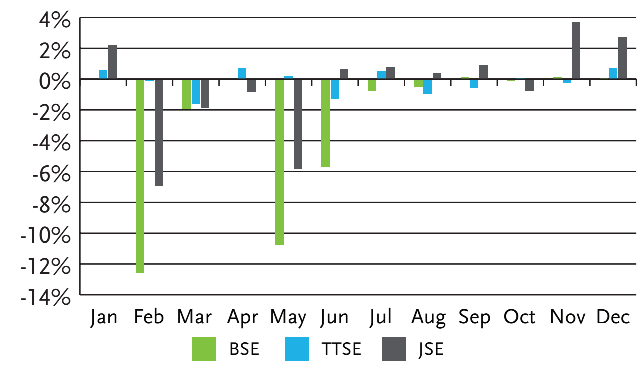


REGIONAL INDICIES 2014



FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2014 (YTD)						
	SGBF		SSGF		SPIF	
Investments at Cost	$	59,350,917.30	$	31,512,211.41	$	28,483,746.39
Net Assets	$	63,348,816.58	$	32,116,618.00	$	28,439,711.63
Net Asset Value	$	2.28	$	1.27	$	1.04
Number of Units		27,850,524.38		25,280,808.42		27,369,285.07
Net Investment Income	($	445,507.75)	($	459,191.15)	$	292,094.71
Portfolio Appreciation	($	59,185.15)	($	327,540.82)	$	367,278.94
Interest Income	$	300,897.54	$	24,829.37	$	385,831.39