Sagicor
MUTUAL FUNDS

INVESTMENT COMMENTARY

Sagicor Funds Inc — **June 2015**

International developed equity markets recorded improved performances and led returns in global equities for the second consecutive quarter. Highly accommodative monetary policies across the Euro Area and Japan as well as increased competitiveness of exports due to weaker international currencies relative to the US dollar, supported the performance of developed equity markets. This growth was impacted in Europe by the Greek debt crisis at the end of the quarter which resulted in increased volatility for the markets. GDP growth in the US declined 0.2% for the first quarter, as economic data reported was weaker than expected, which outweighed the improvement in the unemployment rate of 5.3% in June. Emerging market equities lagged the performance of the international developed equities but outperformed their US counterparts, but were adversely impacted by the volatility in the Chinese equity markets. Regionally, equity markets had mixed returns for the second quarter of 2015.

Generally, global fixed income markets declined for the quarter. Fixed income markets in the US were negatively impacted by concerns of the Federal Reserve's uncertainty regarding interest rates. During the quarter, yields on longer maturity Treasuries increased. The yield of the 10 year Treasury bond increased to 2.35% as at June 30, 2015 from 1.94 % as at March 31, 2015 and consequentially its corresponding value decreased. The short term Treasuries and leveraged loans segments were the best performing for US bonds. Non US bonds also declined for the quarter with only emerging markets US denominated corporate debt being the sole sector with positive returns.

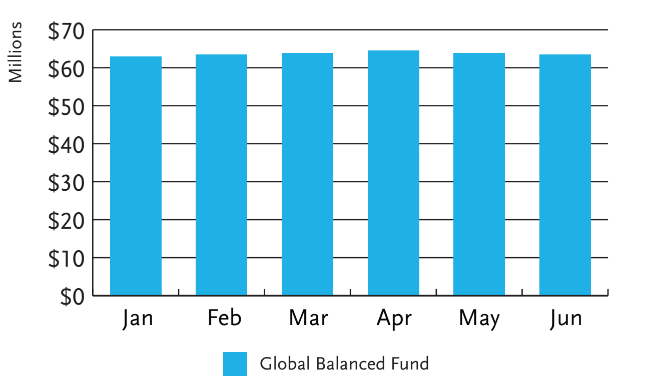
For the period ended June 30, 2015 the performances across the Sagicor suite of mutual funds were mixed. The Sagicor Preferred Income Fund returned 1.2% while the Sagicor Global Balanced Fund remained relatively flat. The Sagicor Select Growth Fund declined slightly by 0.2%. For the year to date period the suite of funds recorded gains, the Sagicor Preferred Income Fund advanced 2.7% while the Sagicor Select Growth Fund and Sagicor Global Balanced Fund both increased 1.1%. The funds were impacted by the volatility in the international equity markets and the fixed income markets.

The Federal Open Market Committee (FOMC) continued to pursue its mandate of maximizing employment and price stability. The labor market continues to trend towards the required mandate and the unemployment rate declined to 5.3% as at June 2015, 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. The US inflation rate was of 0.1% as at June 30, 2015.

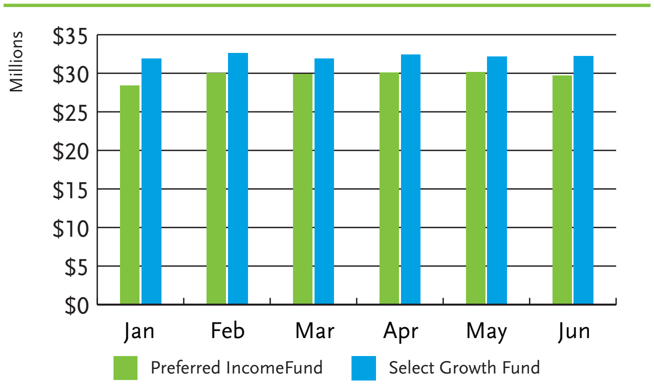
US equity markets ended the second quarter with mixed returns. The DJIA Index and the S&P 500 Index declined 0.9% and 0.2%, respectively, while the NASDAQ Composite increased 1.8% for the quarter. For the year to date period the S&P 500 Index and the NASDAQ advanced 1.2% and 5.9% respectively while the DJIA remained relatively flat. Both international developed equities and emerging markets outperformed the US equities for the quarter. The MSCI EAFE Index and the MSCI Emerging Market Index decreased 0.4% and 0.2% respectively for the second quarter. For the year to date period, they advanced 5.9% and 3.1% respectively. In the Euro Area, The FTSE 100 Index and the German DAX Index decreased 3.7% and 8.5% for the quarter respectively, while for the year to date period the FTSE declined 0.7% while the DAX Index increased 11.6%.

Barbados' economic recovery showed marginal improvement during the first half of 2015 with GDP growth of around 0.5% buoyed by improved performance in the tourism industry. International reserves decreased to $1.0 billion and represented 14.4 weeks of import cover relative to 16 weeks of cover recorded at March 31, 2015. The fiscal deficit for the

NET ASSETS 2015



NET ASSETS 2015



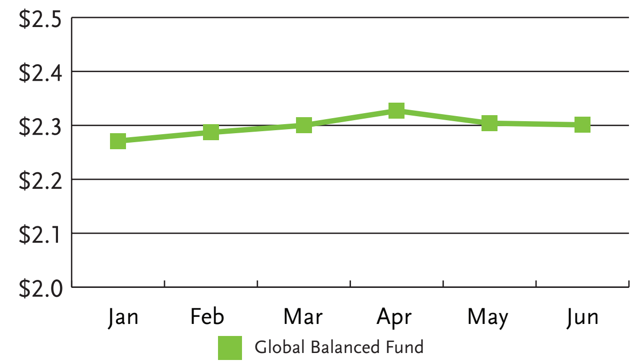
period April to June was estimated at $221 million and during the Fiscal Statement and Budgetary Proposals the forecast budget deficit target was moved to 4% of GDP from 6% of GDP. Inflation remained subdued and was reported as 1.4% at the end of April 2015.

Regional indices recorded mixed returns for the second quarter. The Trinidad and Tobago Stock Index and the Jamaica Stock Index increased 0.7% and 16.1% respectively. The Barbados Stock Exchange remained relatively flat for the quarter. For the year to date period all three indices increased with the Jamaica Stock Index and the Barbados Stock exchange advancing 27.4% and 2.6% respectively while the Trinidad and Tobago Stock Index increased 1.0%. The Barbados three-month Treasury Bill rate was 2.40% and the six-month Treasury Bill rate remained at 3.52%.

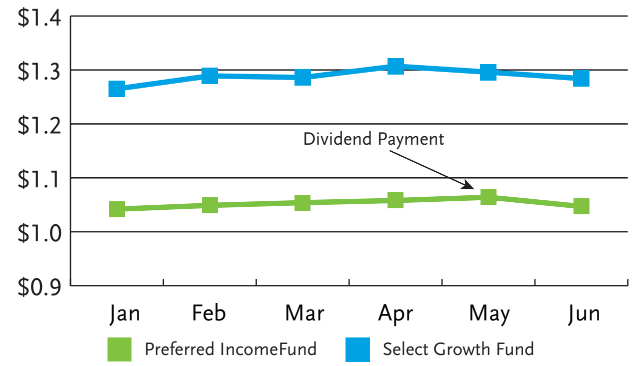
The Sagicor Global Balanced Fund net assets amounted to $63.5 million at the end of June 2015. The Sagicor Preferred Income Fund and the Sagicor Select Growth Fund net assets stood at $29.7 million and $32.2 million, respectively. For the second quarter the Sagicor Global Balanced Fund recorded net investment income of $0.3 million while the Sagicor Select Growth Fund recorded a net investment loss of $0.1 million. During the quarter, the performance of the Select Growth Fund and Global Balanced Fund was impacted by the volatility of the international market. The Preferred Income was positively impacted by the improved valuations of the US denominated debt and recorded interest income of $1.1 million.

The IMF projection for 2015 global growth was lowered to 3.3%; this downward revision was primarily attributable to lower economic activity recorded in the first quarter particularly in the US. The outlook for advanced countries is anticipated to continue to improve with the drivers being easy financial conditions, more neutral fiscal policy in the euro area, lower fuel prices, and improving consumer confidence and labor market conditions. There is anticipated continued growth slowdown in the emerging markets particularly in Latin America and China. In the Caribbean, construction and tourism based economies are expected to spur the region's growth which forecast was reduced by the IMF to 0.9% for 2015.

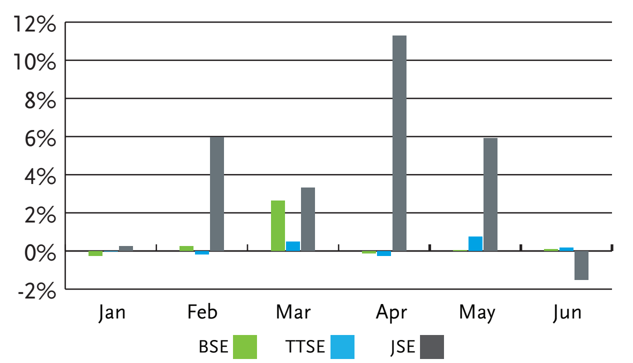
FUND PERFORMANCE 2015



FUND PERFORMANCE 2015



REGIONAL INDICIES 2015



FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2015 (YTD)						
	SGBF		SSGF		SPIF	
Investments at Cost	$	59,438,165.98	$	31,648,872.26	$	29,389,105.75
Net Assets	$	63,503,967.97	$	32,231,642.57	$	29,700,740.55
Net Asset Value	$	2.30	$	1.28	$	1.05
Number of Units		27,599,643.43		25,112,052.48		28,374,277.76
Net Investment Income	$	345,668.48	($	115,794.00)	$	1,133,546.74
Portfolio Appreciation	$	1,503,946.77	$	280,599.33	$	1,359,732.56
Interest Income	$	881,360.52	$	105,633.45	$	1,131,723.38