INVESTMENT COMMENTARY

Sagicor Funds Inc

December 2015

The international equity markets experienced significant volatility and recorded relatively depressed performances for the year 2015. The United States equity markets as well as developed markets equities outside the US, such as Europe and Japan increased moderately, while emerging markets which included China, Russia and Brazil equity markets declined significantly. The growth slowdown in China and protractedly low oil prices which declined 30% over the year, weighed on market sentiment. Furthermore, uncertainty with respect to Federal Reserve's decision to raise interest rates in the US contributed to the volatility. Bond markets experienced mixed returns for the year as US dollar denominated bonds outperformed local currency bonds in both developed and emerging markets.

The S&P 500 Index and the Dow Jones Industrial Average Index returned 7.0% and 7.7%, respectively for the quarter. Both indices modestly increased by 1.4% and 0.2% respectively for 2015. The MSCI World Index and the MSCI Emerging Markets Index returned 5.6% and 0.7%, respectively for the quarter. For the year the MSCI World Index remained relatively flat and declined by 0.3% while the MSCI Emerging Markets Index experienced a double digit decline of 14.6%.

Regional markets advanced for the quarter and trended positively for the year. The Jamaica Stock Exchange registered phenomenal gains during the quarter and increased by 56.44%. This appreciation was against the backdrop of Jamaica's improved economic climate which buoyed investor confidence. There was also an increase in merger and acquisition activity with respect to Desnoes and Geddes and Radio Jamaica shares. The Barbados Stock Exchange increased during the quarter by 8.0%. The performance of the local Exchange was largely attributable to the price appreciation of Banks Holdings shares, which benefitted from the competitive bid takeover environment coupled with the increase of 29.6% in the price of Emera (Caribbean) Incorporated shares as the company sought to acquire 100% of the common shares outstanding. The Trinidad and Tobago Stock Exchange marginally increased by 1.3% for the quarter. For the year, the Jamaica Stock Exchange and the Barbados Stock Exchange advanced by 97.4% and 10.5%, respectively, while the Trinidad & Tobago Stock Exchange remained relatively flat and returned 1.0%.

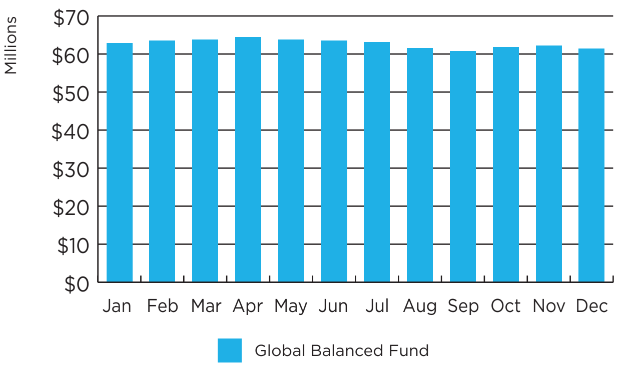
The Sagicor suite of Funds recorded creditable quarterly gains and benefitted from the buoyancy across equities and fixed income asset classes. The Sagicor Preferred Income Fund increased 1.0% for the quarter and 4.9% for the year. The net asset value as at December was $1.05 while the net assets were $29.7 million. The Fund was insulated from volatility due to its nominal exposure to equity markets and remained concentrated in regional sovereign debt. During the year the Fund's performance was positively impacted by appreciation in the valuation of US dollar denominated bonds. A dividend of 2.3 cents per share was paid at the end of November and increased the total dividend distribution to 4.3 cents for the year.

The Sagicor Select Growth Fund advanced 1.7% for the quarter and declined 4.5% for the year. The Fund's net asset value increased to $1.21 from $1.19 and the net assets were $30.8 million. During the quarter the Fund benefitted from increase of the share price of key regional holdings including Banks Holdings Limited, Goddards Enterprises Limited and First Caribbean International Bank shares. The volatility in the international equity portfolio adversely impacted the Fund's performance for the year and outweighed the contribution from positive returns within the local and regional segments.

The Sagicor Global Balanced Fund increased 0.8% for the quarter and declined 2.3% for the year. The Fund's net asset value increased to $2.21 from $2.19 as at September, while the net assets were $61.4 million as at December 31, 2015. The Fund remained largely invested in equities. In line with its balanced mandate it also maintained a significant exposure in fixed income securities which tempered the overall volatility experienced within the equity segment.

The IMF reduced their projected global growth target to 3.1% for 2015 and this was due to the weaker growth in emerging markets and continued declining commodity prices. Barbados and the Caribbean saw moderate economic growth as the tourism industry improved.

NET ASSETS 2015



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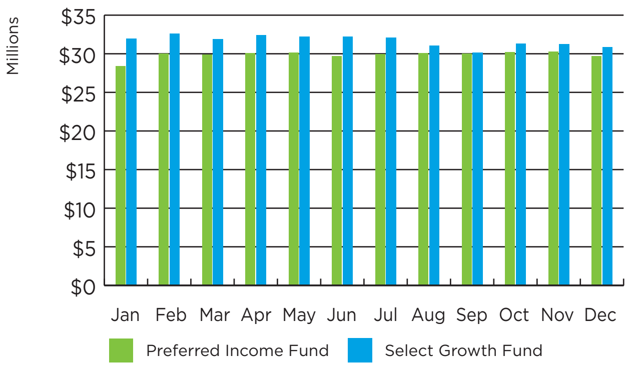
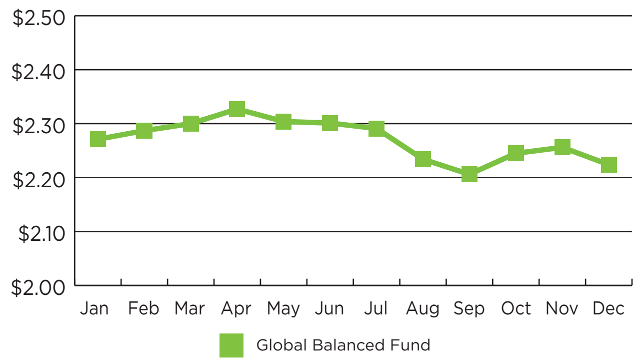
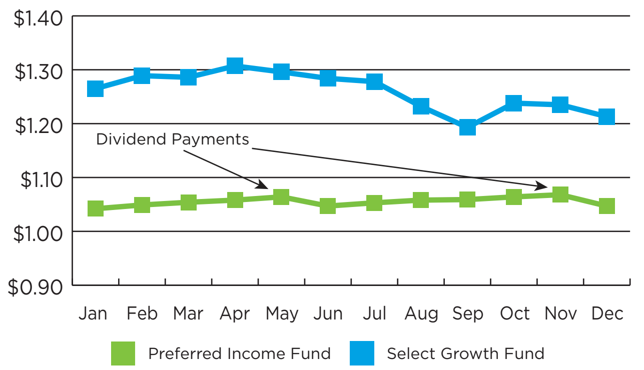


The Central Bank estimated that the Barbados economy grew in 2015 by 0.5%. The Central Bank anticipates that the tourism industry will continue to do well and the construction industry to see some improvement from the Wyndham and other tourism related projects. With these expectations The Central Bank anticipates marginal economic growth for Barbados in 2016.

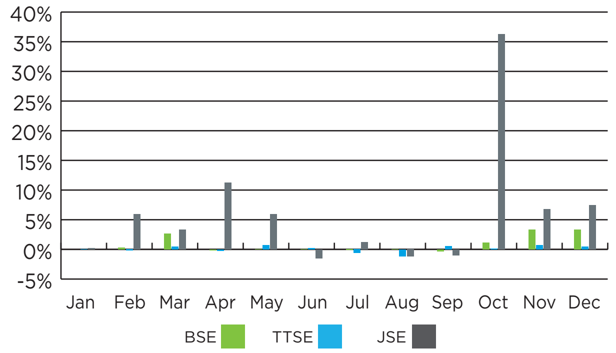
FUND PERFORMANCE 2015



FUND PERFORMANCE 2015



REGIONAL INDICIES 2015



TOP 5 HOLDINGS		
SGBF	**SPIF**	**SSGF**
Goddards Enterprises Limited	Government of Barbados 2016 Bond	Goddards Enterprises Limited
Massy Holdings Limited	Government of Barbados 2017 Bond	Massy Holdings Limited
Government of Barbados 2020 Bond	Government of Aruba 2023 Bond	MS Global Infrastructure Fund
Cable & Wireless (Barbados) Limited	Sagicor Finance Limited 2022 Bond	Unit Trust Corporation
MS Global Infrastructure Fund	Government of Barbados 2021 Bond	Simpson Finance Limited 2021 Bond

FINANCIAL HIGHLIGHTS AS AT DECEMBER 30, 2015 (YTD)						
		SGBF		SPIF		SSGF
Investments at Cost	$	59,816,458.59	$	29,232,130.20	$	31,716,448.11
Net Assets	$	61,375,021.11	$	29,701,127.30	$	30,845,016.01
Net Asset Value	$	2.22	$	1.05	$	1.21
Number of Units		27,594,557.46		28,380,547.24		25,427,410.38
Net Investment Income	$	532,340.76	$	323,980.72	$	524,608.41
Portfolio Appreciation	$	901,016.12	$	402,052.23	$	651,939.26
Interest Income	$	312,609.12	$	425,100.59	$	42,415.81

Sagicor Funds Inc, Cecil F de Caires Building,
Wildey, St. Michael, Barbados | www.sagicorfunds.com