INVESTMENT COMMENTARY

Sagicor Funds Inc

June 2016

The second quarter of 2016 saw international equity markets facing many challenges from the uncertainty of the Federal Reserve Bank's decision on interest rates and the favourable vote in the United Kingdom (UK) on leaving the European Union (EU) termed "BREXIT". These events negatively impacted developed market equities including the United States (US) and the UK. Consequently, stock prices fell and the British pound experienced its largest single day decline of more than 10% to its lowest level since 1985. However, the Federal Reserve's decision to delay increasing interest rates in the US, was well received by investors and underpinned the end of quarter rebound in stock prices. Growth in emerging market economies stablilised as oil prices increased while the US dollar strengthened against emerging market currencies albeit at a slower pace as compared to previous months. Bond markets benefitted from a flight to quality as investors tried to avoid the instability in equity markets which resulted in increased bond prices.

In the US, the S&P 500 Index and the Dow Jones Industrial Average Index returned 1.9% and 1.4%, respectively for the quarter, while the MSCI World Index advanced 1.0%. Emerging markets which included China, Russia and Brazil continued to rebound; as commodity prices continued to stabalise these markets improved. The price of oil continued to rally and ended the quarter at $47.70 up from $37.34 at the end of March. The MSCI Emerging Markets Index returned 0.7% for the quarter and 6.4% for the first half of the year.

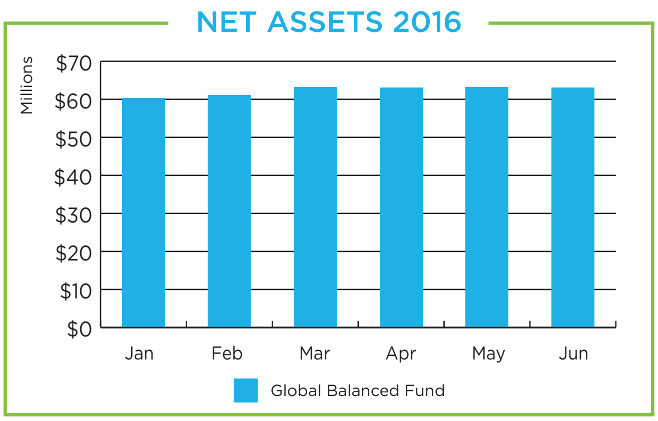
Regional markets advanced during the second quarter of 2016. The Jamaica Stock Exchange and the Barbados Stock Exchange registered gains during the quarter and increased by 3.8% and 2.0%, respectively. The Trinidad and Tobago Stock Exchange increased slightly by 0.2%. The appreciation for the BSE was due to the increase in the prices of Cable and Wireless (Barbados) Limited and Goddard Enterprises Limited, while for the JSE it was due to the majority of the stocks on the exchange advancing.

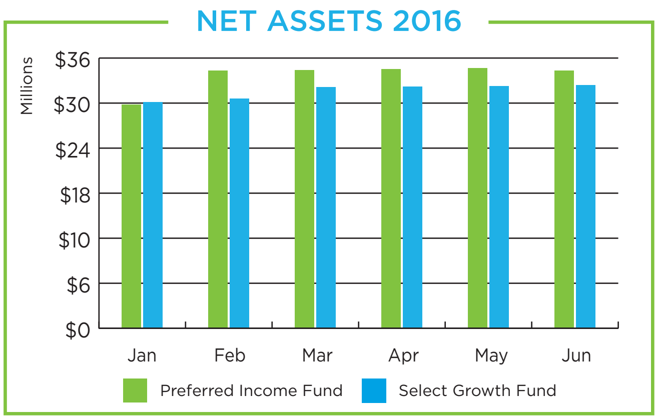
The Sagicor suite of Funds performed creditably and benefitted from gains across the equity and fixed income asset classes. The Sagicor Global Balanced Fund increased 1.4% for the quarter. The Fund's net asset value increased to $2.29 from $2.26 as at March, while the net assets were $63.1 million as at June 30, 2016. The Fund remained largely invested in equities with significant exposure in fixed income securities, in line with its balanced mandate. This benefited the fund as there was a favourable fixed income environment.

The Sagicor Select Growth Fund advanced 0.8% for the quarter. The Fund's net asset value increased to $1.24 from $1.23 and net assets were $32.4 million. During the quarter the Fund benefited from increase of the share price of key regional holdings including Goddard Enterprises Limited and Cable and Wireless (Barbados) Limited shares. The Fund also benefited from the moderate improvement in the international equity markets.

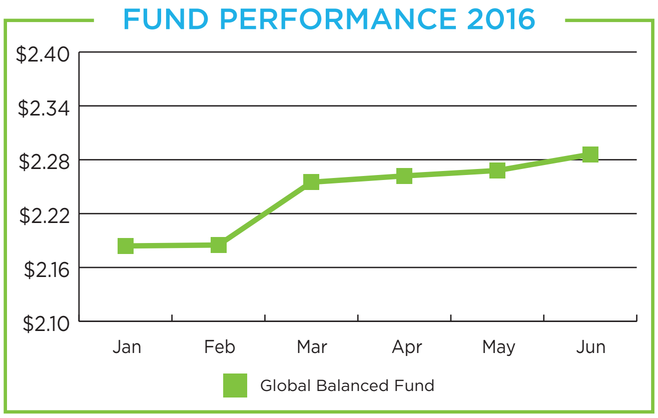
The Sagicor Preferred Income Fund increased 2.2% for the quarter. The net asset value as at the end of June was $1.06 while net assets totalled $34.4 million. The Fund's continued concentrated in regional sovereign debt contributed to its performance as bond markets performed well during the quarter due to credit spreads tightening. The fund paid a dividend of 2.15 cents per share at the end of May 2016.

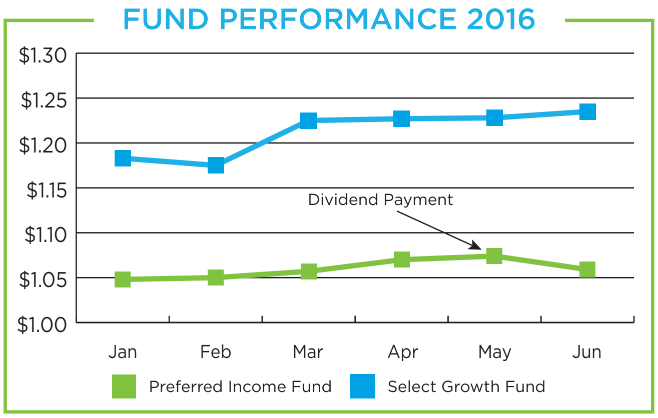
The IMF revised its 2016 projected global growth rate slightly downward to 3.1% from 3.2% due to BREXIT. In Barbados, the

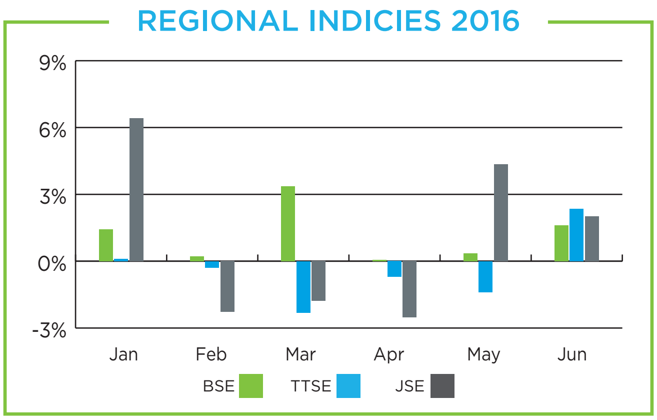




Central Bank announced that growth for the first half of the year was 1.3% and revised downward the 2016 growth projection to 1.5%. This was due to an unexpected delay of major tourist related projects and a decline in the international reserves. However, there was an increase in tourist arrivals and a decline in the unemployment rate to 10.7% from 12.4% the previous year. This mixed economic data tempered the growth expectations for the year.







TOP 5 HOLDINGS		
SGBF	SPIF	SSGF
Goddards Enterprises Limited	Government of Barbados 2019 Bond	Goddards Enterprises Limited
Massy Holdings Limited	Government of Barbados 2016 Bond	MS Global Infrastructure Fund
MS Global Infrastructure Fund	Government of Bermuda 2024 Bond	Massy Holdings Limited
Government of Barbados 2020 Bond	Government of Barbados 2022 Bond	Simpson Finance Limited 2021 Bond
Cable & Wireless (Barbados) Limited	Sagicor Financial Limited 2021 Bond	Unit Trust Corporation

FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2016 (YTD)						
	SGBF		SPIF		SSGF	
Investments at Cost	$	60,251,239.84	$	33,867,153.71	$	31,974,085.69
Net Assets	$	63,093,611.55	$	34,365,455.40	$	32,403,661.44
Net Asset Value	$	2.29	$	1.06	$	1.24
Number of Units		27,600,164.65		32,454,760.60		26,229,850.73
Net Investment Income	$	2,352,517.02	$	1,480,908.75	$	1,174,041.97
Portfolio Appreciation	$	3,468,110.98	$	1,730,016.43	$	1,554,626.97
Interest Income	$	956,150.94	$	1,302,493.69	$	136,860.33