INVESTMENT COMMENTARY

Sagicor Funds Inc

September 2016

The third quarter of 2016 saw international equity markets facing many challenges from possibility of the Federal Reserve Bank hiking interest rates and the impending US elections. Oil prices continued to rebound while the US dollar stabilized. The European and Japanese Central Banks continued to try to stimulate those economies, while the British pound was suppressed persistently since the BREXIT vote. Emerging markets performed well through the quarter due to commodity importers benefitting from low prices while oil exporters benefitted from increased prices. Bond markets outside the US advanced while US Treasuries were slightly negative as investors anticipated a Federal Funds rate hike.

In the US, the S&P 500 Index and the Dow Jones Industrial Average Index returned 3.3% and 2.1%, respectively for the quarter. The MSCI World Index advanced 5.4%. Emerging markets which included Russia and Brazil continued to rebound; as the price of oil continued to rally and ended the quarter at $48.24. The MSCI Emerging Markets Index returned 9.0% for the quarter and 16.4% through the first nine months of the year.

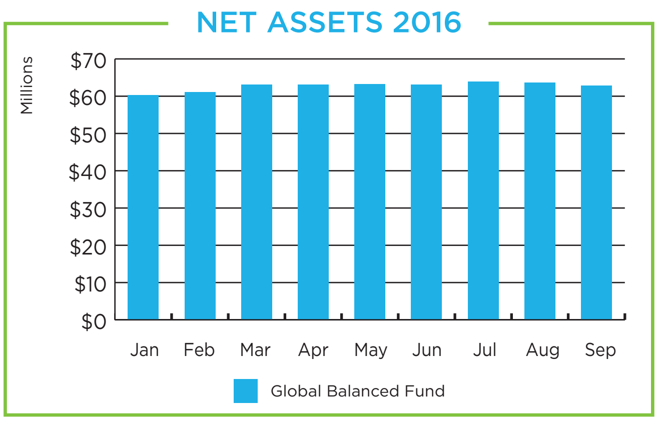
Regional markets advanced during the third quarter of 2016. The Jamaica Stock Exchange and the Barbados Stock Exchange registered gains during the quarter and increased by 3.0% and 1.5%, respectively. The Trinidad and Tobago Stock Exchange returned 1.9%. The appreciation for the BSE was due to the increase in the prices of First Caribbean International Bank and Goddard Enterprises Limited, while for the JSE it was due to the majority of the stocks on the exchange advancing. The TTSE advanced due to increase in stock prices such as ScotiaBank Trinidad and Tobago Limited and Republic Financial Holdings Limited.

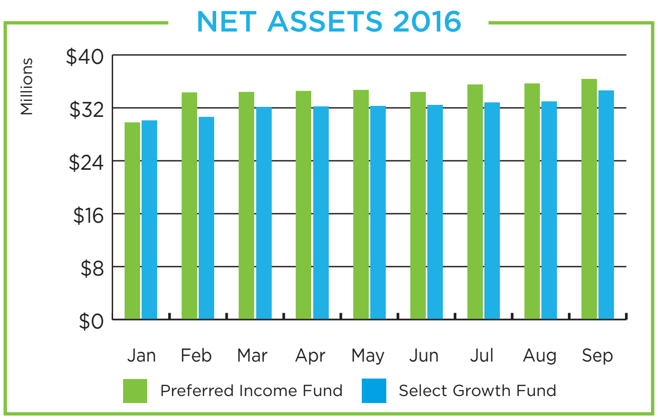
The Sagicor suite of Funds performed well for the quarter and benefitted from the positive performance across the equity and fixed income asset classes. The Sagicor Global Balanced Fund increased 3.0% for the quarter. The Fund's net asset value increased to $2.36 from $2.29 as at June, while the net assets were $62.8 million as at September 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 both equities and fixed income advanced during the quarter.

The Sagicor Select Growth Fund advanced 3.6% for the quarter. The Fund's net asset value increased to $1.28 from $1.24 and net assets were $34.6 million. During the quarter the Fund benefitted from an increase of the share price of key regional holdings including Goddard Enterprises Limited and First Caribbean International Bank. The Fund also benefitted from the moderate improvement in the international equity markets.

The Sagicor Preferred Income Fund increased 0.9% for the quarter. The net asset value as at the end of September was $1.07 while net assets totaled $36.3 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.

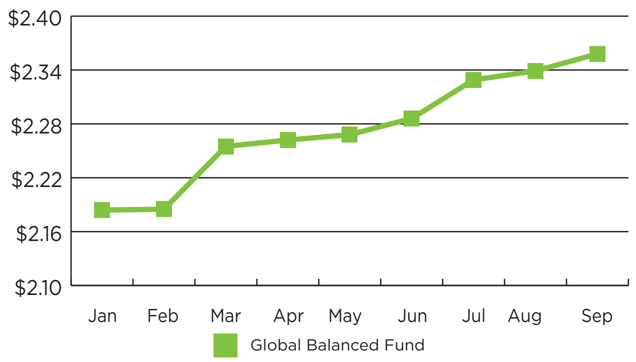
The IMF 2016 projected global growth rate remained at 3.1% due to lower than anticipated growth in the US and subdued growth in the UK and the European Union. In Barbados, the Central Bank announced that growth for the first nine months of the year was 1.3% and revised downward the 2016 growth projection to 1.4%. International reserves improved



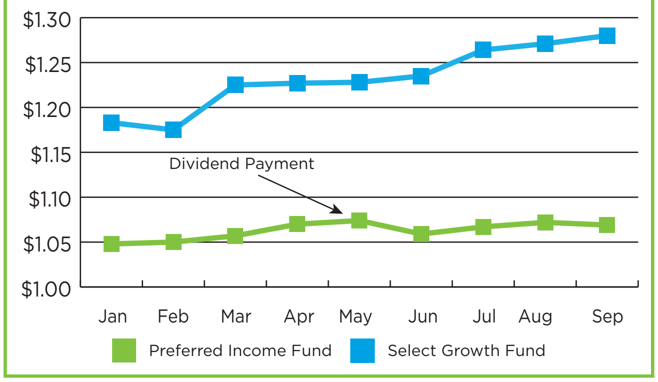


slightly to $900 million which is an estimated import cover of 14 weeks. There was also a slight increase in tourist arrivals and construction. The unemployment rate declined to 10.2% from 10.7% the previous quarter. During the quarter, S&P downgraded the Government of Barbados sovereign debt from B to B-, this is expected to have a further impact on the anticipated growth of the economy.

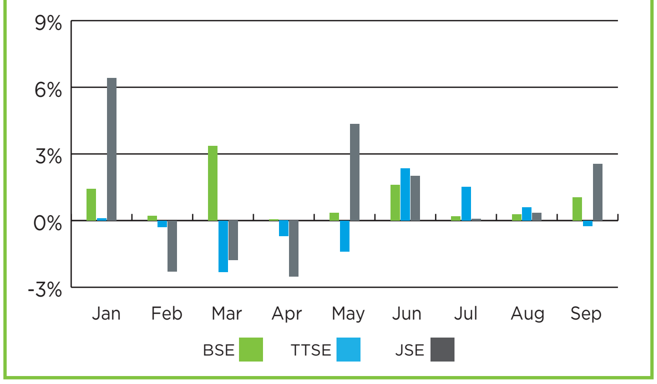
FUND PERFORMANCE 2016



FUND PERFORMANCE 2016



REGIONAL INDICIES 2016



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
Government of Barbados 2020 Bond	Government of Barbados 2017 Bond	Massy Holdings Limited
Cable & Wireless (Barbados) Limited	Government of Barbados 2022 Bond	Simpson Finance Limited 2021 Bond
MS Global Infrastructure Fund	Republic of Trinidad & Tobago 2026 Bond	Unit Trust Corporation

FINANCIAL HIGHLIGHTS AS AT SEPTEMBER 30, 2016 (YTD)						
	SGBF		SPIF		SSGF	
Investments at Cost	$	58,277,921.37	$	34,264,541.83	$	33,441,497.16
Net Assets	$	62,802,825.14	$	36,341,267.56	$	34,598,689.12
Net Asset Value	$	2.36	$	1.07	$	1.28
Number of Units		26,632,583.88		33,995,578.46		27,025,481.07
Net Investment Income	$	4,337,671.94	$	1,830,202.05	$	2,355,227.04
Portfolio Appreciation	$	5,864,105.65	$	2,324,582.83	$	2,964,289.74
Interest Income	$	1,269,075.84	$	1,725,967.10	$	192,938.63

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