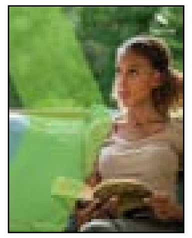
Sagicor

SAGICOR FUNDS INCORPORATED

ANNUAL REPORT 2016



Sagicor

With 175 years of investment experience, Sagicor offers an expertise in wealth and risk management that few fund companies can match. Our Stakeholders benefit from knowledgeable Investment Managers providing wise financial advice through the provision of affordable, diversified investment products.

We are proud of our longevity, knowing that the same vision which crafted our creation so long ago, is still very much at the core of our being today. At many milestones in its history, Sagicor has played a significant role in the economic development of the Caribbean region through its contribution to capital formation and investment. Sagicor continues to deliver world-class financial products and services, improving the lives of the people of the communities in which it operates.

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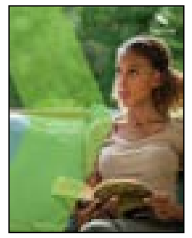

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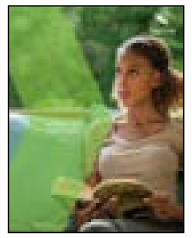

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The Sagicor Global Balanced Fund, formerly the Mutual Global Balanced Fund, was launched on June 2, 1997, following an initial offering of 19,766,786.01 Fund Shares, which at that time, was oversubscribed. Since then, Sagicor has prudently managed one of the oldest funds in Barbados, providing Shareholders with fund income and long-term capital appreciation through wise investment planning.

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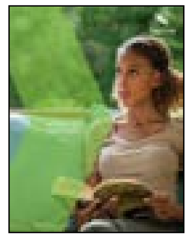

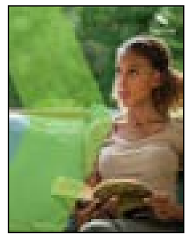

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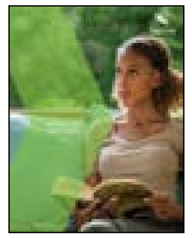

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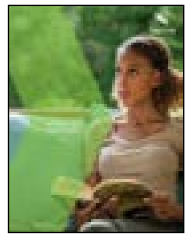
INVESTMENT OBJECTIVES

The objective of the Sagicor Global Balanced Fund is to achieve income and long-term capital appreciation through investment in a diversified portfolio of shares, stocks and bonds listed on the main Caribbean and international Stock Exchanges.

All income earned by the Fund, including interest, dividends and capital gains, is automatically reinvested and the income value is reflected in the price of the Mutual Fund shares. The Fund does not pay cash dividends.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Global Balanced Fund)
LAUNCH DATE:	June 2, 1997
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $100.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$2.36
NET ASSETS:	$62,802,825
MANAGEMENT FEE:	1.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers



INVESTMENT OBJECTIVES

Sagicor Funds Incorporated

The objective of the Sagicor Preferred Income Fund is to achieve a high level of current income and preservation of capital through investments in a diversified portfolio of bonds, debt securities, asset backed securities, high income funds and selected equities.

The Fund pays cash dividends twice annually. It is expected that such dividends will be paid on May 31st, and November 30th of each year. Fund shares will go ex-div on June 1st and December 1st with the first ex-div date being December 1, 2005.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Preferred Income Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.07
NET ASSETS:	$36,341,268
MANAGEMENT FEE:	0.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc. Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers

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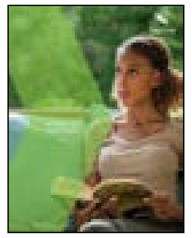

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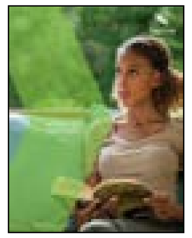
The objective of the Sagicor Select Growth Fund is to achieve an above average total return over the long term consistent with the preservation of capital through investments primarily in a diversified portfolio of securities and other mutual funds with growth strategies.

All income earned by the Fund, including interest, dividends and capital gains, is automatically reinvested and the income value is reflected in the price of the Mutual Fund shares. The Fund does not pay cash dividends.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Select Growth Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.28
NET ASSETS:	$34,598,689
MANAGEMENT FEE:	0.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers



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The Sagicor Select Growth Fund and Sagicor Preferred Income Fund were launched in December 2004, bringing two new exciting products to Shareholders. The Select Growth Fund, or "Fund of Funds mutual fund", provides long-term growth for investors concerned about moderating the associated risks, whilst the Preferred Income Fund is tailored to investors seeking a total return within a conservative level of risk.

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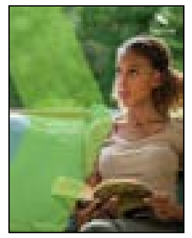

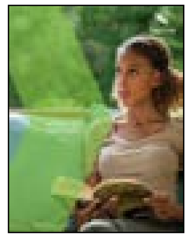

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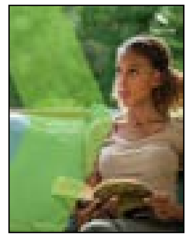
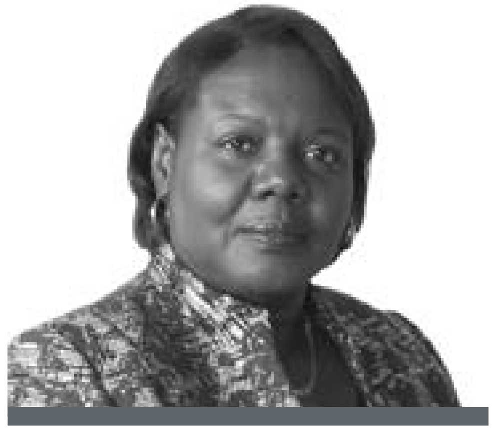


CHAIRMAN'S STATEMENT



Dr M. PATRICIA DOWNES-GRANT
Chairman

Global equities experienced relatively sound performances for the year ended September 30, 2016, amid a volatile investment environment and subdued global growth. Emerging market equities posted double digit returns to lead performances for the year. They were positively impacted by the relative stability of commodity prices, led by an incipient recovery in oil prices as well as the strengthening of various emerging market currencies relative to the US dollar. Economic and political uncertainty within major developed markets derived through the UK's vote to exit the European Union (BREXIT) and the Federal Reserve Bank's (Fed) indecisiveness on the timing of further increases to the Federal Funds Rate created periods of volatility. This proved to be transitory as key developed market indices recorded high single digit returns. The performances across regional equity indices were mixed. The indices for Barbados and Jamaica advanced, while the index in Trinidad declined for the year.

In fixed income markets, yields globally remained protractedly low. In developed markets, the yield on the 10 year Treasury bond declined from 2.05% at the start of the year and ended the year at 1.60% as at September 30, 2016. The decline in benchmark Treasury rates positively impacted selective existing holdings of US dollar denominated bonds. Conversely, the decline in yields adversely impacted reinvestment yields. In Japan and across some parts of Europe negative yields were experienced. Regionally, fixed income markets remained uneventful with respect to new credit events including credit defaults and debt restructurings. However, selective issuers experienced rating adjustments including the Government of Barbados and the Government of Trinidad and Tobago which were downgraded by Standards & Poor's to 'B-' and 'A-', respectively, during the year.

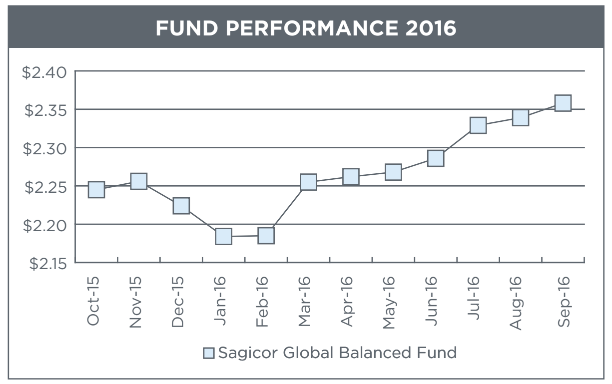
Against this backdrop, the Sagicor Select Growth Fund benefitted from the aforementioned advance of global equity markets and achieved a competitive returned of 7.6% for the financial year 2016. The Sagicor Global Balanced Fund and the Sagicor Preferred Income Fund outperformed their market sectors for 2016. The Sagicor Global Balanced Fund returned 6.8% for the year relative to the decline of 3.5% recorded for 2015. In concert with its balanced mandate, the Sagicor Global Balanced Fund was positively impacted by the sound performance in both equity and bond markets. The Sagicor Preferred Income Fund registered a creditable yield of 5.2% up from the 4.8% recorded for 2015, within a low interest rate environment. The Sagicor Preferred Income Fund paid a total dividend of 4.45 cents per share for year ended September 30, 2016.

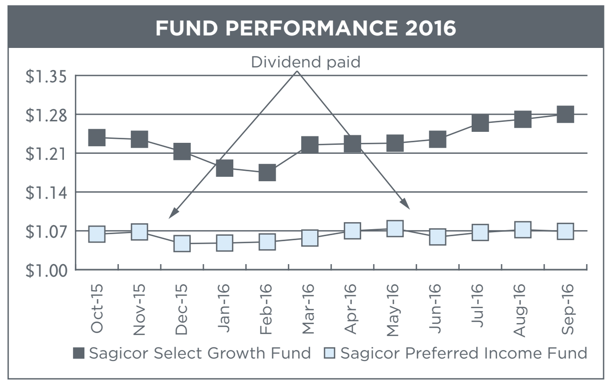
During the year, global growth was adversely impacted by slower than expected expansion in advanced economies and protractedly depressed commodity prices as compared to their long-term historical levels. This led to the downward revision by the International Monetary Fund (IMF) of its projection for global growth from 3.2% to 3.1% for 2016. Regional economies experienced modest expansion as sustained depressed commodity prices such as oil positively impacted economies that remain net importers of oil. Furthermore, economic improvement within key source markets such as the US and UK resulted in a slight increase in tourist arrivals. Economic growth in Trinidad and Tobago remained subdued.

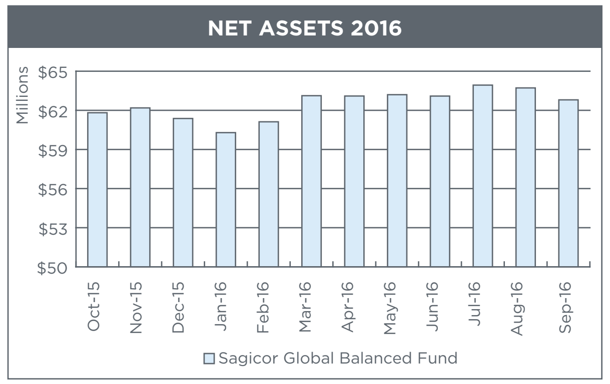
The US economy showed moderate economic improvement. Gross Domestic Product (GDP) in the US grew by 3.5% for the third quarter of 2016 up from 1.4% for the second quarter of 2016; this increase was due to positive contributions from private consumer expenditure, exports and federal government spending. The unemployment rate fell to 4.9% from 5.1% recorded the previous year. The Federal Reserve raised the Fed Funds Rate to the range of 0.25% - 0.50% in December 2015 as a result inflation approaching the targeted level of 2.0% and given the downward trend in unemployment rate. However, volatility persisted due to the uncertainty surrounding the Federal Open Market Committee's (FOMC) interest rate hike timing outlook.

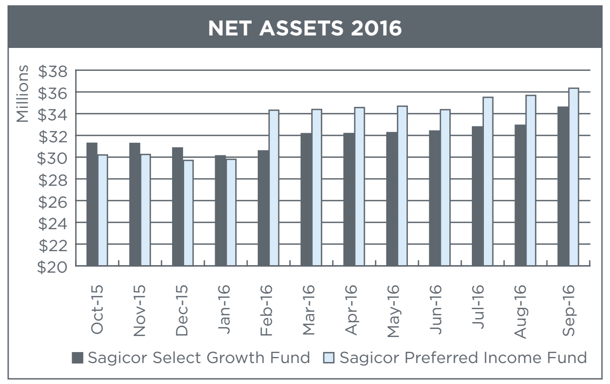
The Euro Area and Japan experienced anaemic economic expansion for 2016. In the Euro Area, uncertainty with respect to the future impact of the implementation of BREXIT remained of major concern. Furthermore, economic recovery remained fragile with modest growth of 0.3% recorded for the second quarter of 2016 coupled with a low level of inflation of 0.4% in September 2016. Unemployment across the Euro Area declined to 9.9% from 10.2% reported for the previous year. Japan's GDP increased by 0.5% for the third quarter of 2016 and was largely driven by an increased level of exports.

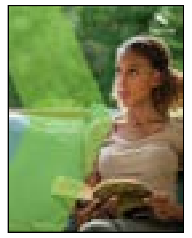
Economic growth in Barbados was recorded at 1.3% through the third quarter of 2016. In the tourism sector, arrivals increased by 3% as at September 30, 2016, while construction industry activity advanced by 5% for the same period. Business and other services also contributed to the overall economic growth. Foreign exchange reserves have reverted to approximately $0.9 billion at the end of September 2016 which represented 14 weeks of import cover. Continued fiscal adjustment measures were used to augment the Foreign Exchange Reserves such as additional revenue measures and expenditure cuts. The unemployment rate declined to 10.2% as at the end of June, from 12.0% reported for the previous year while inflation was recorded at negative 1.2% at the end of September 2016.











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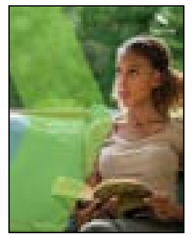
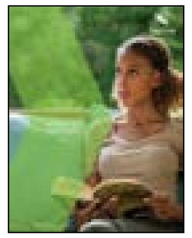


Regional equity markets recorded mixed returns for the year to date period. The Jamaica Stock Exchange and Barbados Stock Exchange increased 9.1% and 8.7% respectively, for the year to date period. These indices also advanced for the third quarter as the Jamaica Stock Exchange increased by 3.0% while the Barbados Stock Exchange advanced by 1.5%. The Trinidad and Tobago Stock Exchange advanced 1.9% for the quarter but declined 0.5% for the year to date period. The Barbados three-month Treasury Bill rate was 3.10% and the six-month Treasury Bill rate was 3.51%, down from the previous quarter. The Barbados savings rate progressively decreased to as low as 0.25% from the previously rate of 0.5% recorded in the previous year.

The global economic growth forecast remains moderate due to the subdued outlook for economic growth in advanced economies and the impact of sustained depressed commodity prices. However, we remain optimistic with respect to the future performance and growth of our mutual funds. The portfolios are strategically positioned to take advantage of improvements in the international equity markets which will positively impact the performance of the Sagicor Select Growth Fund and the Sagicor Global Balanced Fund in particular. We will seek to capitalize on selected opportunities, and continue to prudently navigate these markets.

We thank you for your continuous confidence and support throughout the year as we focus on successfully managing shareholders' wealth and maintaining our commitment to delivering shareholder value.

Dr M. Patricia Downes-Grant
Chairman



INVESTMENT REPORT

The fiscal year 2016 was characterised by improved global equity markets within a challenging investment climate. The recovery in energy prices and the general stabilisation in the price of commodities augured well for emerging market equities which performed best for 2016. Across the developed markets, the continued accommodative monetary and fiscal policy stance underpinned the equity markets advance. However, global economic recovery remained fragile due to the subdued outlook for advance economies and the recalibration of emerging markets to adjust to the change in commodity prices which remained well below their historical levels. The projected global growth for 2016 was revised downwards by the IMF to 3.1% from the previous expectation of 3.2%.

Throughout the year, there were periods of volatility predicated on uncertainty regarding the expectation of further hikes in the Federal Funds Rate by the Federal Reserve Bank (Fed). The Fed initially raised interest rates in December 2015 to the range of 0.25% - 0.50% for the first time since 2008, after holding the federal-funds rate at a near zero level for approximately seven years. Additionally, the favourable vote for the United Kingdom to exit the European Union dubbed "BREXIT" contradicted market expectations which caused transient volatility for equity markets and a protracted decline in the value of the Pound relative to the United States (US) dollar.

In the US, economic growth increased to 3.5% in the third quarter of 2016, following growth of 1.4% in the second quarter. This was primarily due to better contributions from personal consumption expenditures, exports, private inventory investment, and federal government spending. Further improvement in economic data was evidenced through the continued decline in the unemployment rate to 4.9% as at September 30, 2016 which went as low as 4.7% in May 2016 (pre 2008 financial crisis levels) down from 5.1% the previous year. Inflation trended towards the US Federal Reserve Bank's target of 2.0% and was recorded as 1.5% as at September 30, 2016, which prompted the Federal Reserve Bank to indicate an interest rate increase before the end of 2016.

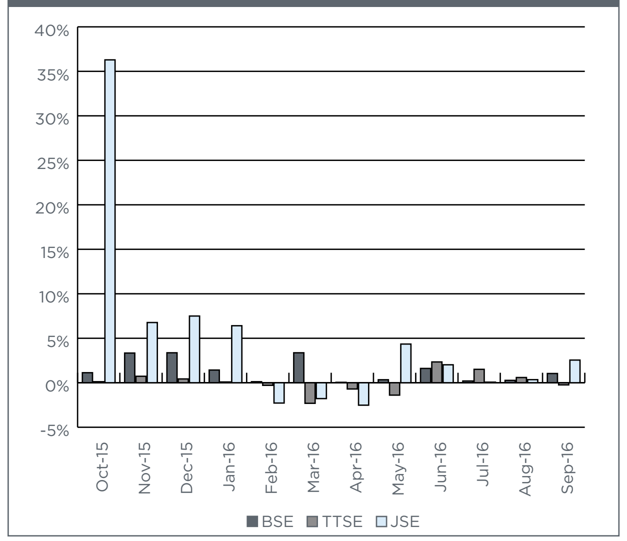
The Euro zone area reported modest economic growth for the third quarter of 2016 of 0.3%. The European Central Bank continued accommodative monetary and fiscal economic policy through the year. Japan's economy expanded by 0.5% in the third quarter for the third consecutive quarter; this was spurred by better than expected exports.

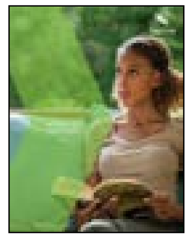
International markets experienced significant volatility during the first half of the fiscal year, fuelled by concerns around the slowdown in growth in China, deflationary pressures in Europe and the uncertainty of the timing of the Federal Reserve Bank's future rate hikes. However, market sentiment recovered during the latter half of the year and key indices ended the fiscal period with relatively respectable performances. The MSCI World Index increased 6.1% as at September 30, 2016. In the US, the S&P 500 Index and the Dow Jones Industrial Average returned 12.9% and 12.4%, respectively. The NASDAQ Composite advanced by 15.0% for the financial year.

Despite the strong performance of emerging market equities, their economies experienced relatively depressed economic conditions which were offset by the stabilisation of commodity prices. Russia's economy continued to be constrained by the protracted lower levels of oil prices and implemented monetary stimulus by cutting interest rates. Brazil moved further into recession as it recorded it sixth consecutive quarter of contraction, coupled with elevated levels of unemployment. In China, growth slowed to 6.7% in the third quarter of 2016 which continued to be the lowest rate in decades. The MSCI Emerging Markets Index, a barometer for emerging markets, was up 16.4% as at September 30, 2016.

In the Caribbean, tourism dependent economies experienced subdued growth through the

REGIONAL STOCK INDICIES 2016





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first three quarters of 2016 as tourist arrivals registered moderate increases. Furthermore, most Caribbean economies remained net importers of oil and were positively impacted by the persistently depressed oil prices. Regional equity markets registered an increased level of trading activity in 2016. The Jamaica Stock Exchange continued its rally and recorded double digit returns for the year ended September 30, 2016 while Barbados Stock Exchange achieved stock price appreciation in a number of its listings including Goddards Enterprises Limited and First Caribbean International Bank. The Trinidad and Tobago Stock exchange was relatively flat for the year ended September 30, 2016.

The regional fixed income market was uneventful for 2016 in terms of adverse credit events and the Government of Grenada officially restructured its bonds. The Sagicor Preferred Income Fund returned 5.2% for the financial year. The Net Asset Value stood at $1.07 as at September 30, 2016, excluding distributions, up from $1.06 at the start of the year. The Fund remained principally allocated to the fixed income asset class which represented 73.1% of net assets while equities accounted for 1.8%. The fixed income portfolio was concentrated in sovereign bonds which represented 87.5% while the corporate issues accounted for 12.5%.

The Government of Barbados bond holdings totalled $16.6 million as at September 30, 2016. The Fund's other major fixed income holdings included Government of Bermuda and Government of Aruba which accounted for 8.8% and 5.4% of the bond portfolio. The Fund continued efforts to diversify its fixed income holdings including the purchase of the Government of Trinidad and Tobago US denominated debt; this was a sustained effort to improve its credit quality through increased investment in investment grade sovereign bonds.

The average yield of the Fund's bond portfolio was 6.4% for 2016.

Net Income for the Fund was recorded at $0.4 million while total revenue was $2.3 million with the main contribution to total revenue from interest income which totalled $1.7 million. The Fund paid dividends of 2.30 cents in November 2015 and 2.15 cents in May 2016.

The Sagicor Global Balanced Fund remained committed to the implementation of its balanced mandate. The Fund's net assets amounted to $62.8 million an increase from $60.7 million at September 30, 2015. The Net Asset Value increased to $2.36 from $2.21 at the end of the previous year. The majority of the Fund's assets remained invested in equities which accounted for 62.9% of net assets. The equity segment was split 57.1% internationally and 42.9% regionally. Major regional holdings within the equity portfolio comprised of Goddards Enterprises Ltd. and Massy Holdings Limited. Goddards Enterprises Limited experienced significant price appreciation from $6.58 per share at the start of the year to end the year at $8.30 per share for a total value of $6.7 million, while Massy Holding Limited's value declined and ended the year at $3.1 million.

The Fund's fixed income component continued to perform well as fixed income markets generally continued to advance. Major fixed income holdings within the Fund's bond portfolio consisted of exposure to the Government of Barbados and Government of Curacao which amounted to $9.3 million and $3.3 million, respectively.

The performance of the Sagicor Select Growth Fund was positively impacted by the rallies in the international equity markets combined with the positive performance across regional equity markets. The Net Asset Value increased to $1.28 up from $1.19 recorded the previous year. Total assets of the Fund were $34.7 million in 2016. The Fund recorded income from ordinary activities of $2.4 million dollars and advanced by 7.6% for the year ended September 30, 2016.

The Fund remained largely invested in equities which accounted for 75.1% of net assets while fixed income represented 13.6%. International equity exposure totalled $17.5 million across global equities inclusive of US equities, developed market equities ex-US and emerging market equities. Developed market equities and emerging market equities both rebounded during the year. Regional exchanges trended positively for the fiscal year. The JSE and the BSE returned 70.7% and 17.4%, respectively, for the year ended September 30, 2016, while the TTSE returned a modest 0.8%. Major regional equity holdings included Goddards Enterprises Ltd. and First Caribbean International Bank which shares improved in their relative valuation and totalled $3.1 million and $0.4 million, respectively at the year end. However, the Fund experienced a relative decline in the valuation of its holdings of Cable and Wireless (Barbados) Limited shares.

Conclusion

Global growth remained constrained due to sustained depressed commodity prices and weaker than expected growth in advanced economies. In the US, economic data continued to show moderate improvement with an increase in personal consumption expenditure and government spending coupled with improved employment figures.

The Euro area registered slight expansion but was impacted by the BREXIT vote that occurred in June 2016. The European Central Bank continued the monetary policy stimulus program and saw some strengthening in the domestic economy coupled with low inflation rates.

Emerging markets continued to experience weaker growth driven by persistent softened commodity prices. Furthermore, Russia and Brazil remained in economic recessions with growth in China, the world's second largest economy, continuously slowing to its lowest levels in decades.

Regionally, economic recovery was sustained but at reduced levels, largely driven by improvement in tourism during 2016. However, we continue to be mindful of the heavy dependence of these economies upon the growth of developed countries and remain cautiously optimistic in this regard.

The Sagicor Funds Inc suite of Funds remains committed to the implementation of their strategic investment mandates with tactical positioning in the current environment. While international interest rates in the US continue to increase incrementally, the generally low interest rate environment regionally and locally is expected to persist and will favour a short duration strategy. As we navigate with caution, we will actively seek out opportunities to constantly enhance the portfolios composition, credit profile and diversification. The international segment remains a significant source of value as we seek to optimize our strategies and enhance fund value.

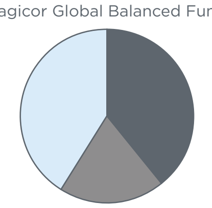
We thank you for your support, trust and confidence during the year and although the global economic environment remains uncertain, our management and staff will continue to dedicate themselves to the creation of shareholder value.

Dr M. Patricia Downes-Grant
Chairman

David Wright
Director

GEOGRAPHICAL ALLOCATION 2016

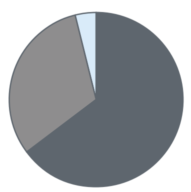
Sagicor Global Balanced Fund



Local	39.2%
Regional	19.7%
International	41.1%

GEOGRAPHICAL ALLOCATION 2016

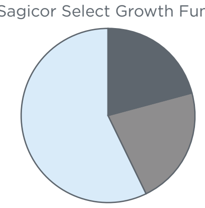
Sagicor Preferred Income Fund



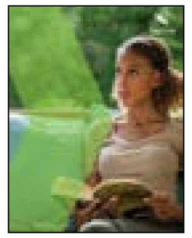
Local	64.8%
Regional	31.4%
International	3.8%

GEOGRAPHICAL ALLOCATION 2016

Sagicor Select Growth Fund



Local	21.1%
Regional	21.9%
International	57.0%



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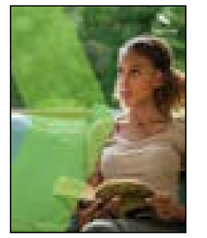

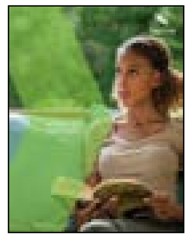

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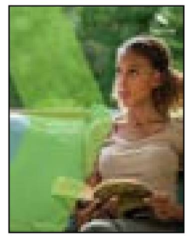

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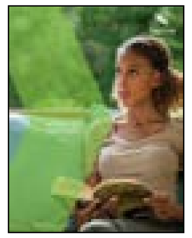
DIRECTORS, SECRETARY, AUDITORS AND BANKERS

DIRECTORS	**Dr M. Patricia Downes-Grant, (Chairman)** **7A Edghill Heights** **St Thomas, Barbados**
	Donald Austin **Le Soleil Couchant** **Saline Point** **St Lucia**
	J. Edward Clarke **5 Cot Road** **Rockley** **Christ Church, Barbados**
	Dr Grenville Phillips **9 Emerald Ridge** **Mullins** **St Peter, Barbados**
	David Wright **Annex 2A,Dayrells Heights** **Dayrells, St Michael, Barbados**
	Keston Howell **2 La Estancia Drive** **Crystal Stream** **Diego Martin** **Trinidad**
SECRETARY	**Andrew C Greaves** **1094 Kingsland Heights** **Christ Church, Barbados**
AUDITORS	**Ernst & Young** **Chartered Accountants** **Worthing** **Christ Church, Barbados**
BANKERS	**First Citizens Bank** **# 2 Broad Street** **Bridgetown, Barbados**
REGISTERED OFFICE	**Cecil F. de Caires Building** **Wildey, St Michael, BB15096** **Barbados**



ASSET MANAGEMENT DEPARTMENT STAFF

Dexter Moe, BSc, MBA, ACIS, CFA	Vice President
Michael Millar, BSc, MSc, CFA	Assistant Vice President
Lesley Greaves, BSc, MSc	Manager
Simone Simpson, BSBA, CFA	Portfolio Manager
Nicolette Blackett, BSc	Senior Investment Analyst
Rebie Cumberbatch, BSc, MBA	Investment Analyst
Leeann Woodroffe, BSc	Mutual Fund Administrator/Broker
Samica Hunte, BSc, MSc	Mutual Fund Administrator/Broker
Annette Phillips-Gay, BA	Assistant Fund Administrator
Kara Newsam, BSc	Investment Officer – Treasury
Lisa Ramsay, BSc	Investment Officer – Treasury
Michelle Miller, PSC, APS	Administrative Assistant

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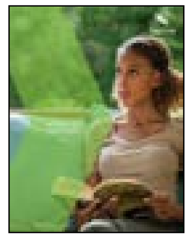


BARBADOS SALES STAFF

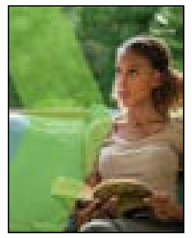
Gay Griffith, CLU, ChFC, VP Sales

Agency Managers

Adrian King
Charlton Sargeant
Colis Sealey
David Cave
Patricia Gibson
Richard Singh
Robert Headley
Robin Taylor
Suleman Nana
Wayne Alleyne

Advisors

Alison Catlyn
Allison Mottley, LUTCF
Anderson Gibson, LUTCF
Anderson Rice, BA (Hons)
Andre Worrell
Andrew Cave
Arlene Bolden
Asha Forde, BSc
Caleb Welch, LUTCF
Caroline Newton,BSc
Chelston Lord
Cheryl Stoute, LUTCF
Christon Smith
Courtney Collymore, LUTCF
Dacia Moore
Dale I. Myrie, LUTCF, FSS
Daniel Blackman
Daniel Lovell
Dario Vaughan, BSc
Dave Boyce
Dave T. Reece
David Crichlow
David L. Byer
Denise Bradshaw-Goodman
Denise Reid, MBA, LUTCF (SSA)
Deon Cummins, LUTCF
Dionne Jackman
Dorian Winfield, BSc
Elizabeth Franklin, LUTCF
Erin Walrond, LUTCF, FSS (SSA)
Erskine Simmons
Fabian M. R. Gaskin
Gail Alleyne
Gaynelle Francis
Gertrude St. John, LUTCF (SSA)
Glen Coral Jacobs, BSc (Hons), ACS, LUTCF
Hanschell Butcher, LUTCF
Harold H. Eastmond, LUTCF
Harriette Clarke



BARBADOS SALES STAFF

Sagicor Funds Incorporated

Heather Redman, LUTCF
Henderson Headley, LUTCF, FSS
Hugh Greenidge, LUTCF, FSS
Idalia E. Bancroft-Ince
Ivor Lovell, LUTCF
Jabarry Nurse
Jacqueline Ifill, BSc
Jacqueline P. King, LUTCF, FSS
Jacqueline Stoute
Jade Goddard
Jamar Blackman, LUTCF
Janice Mullin-Sargeant, LUTCF (SSA)
Jason Bourne
Jenie Durant
Jerry Griffith, CLU, LUTCF
John Clarke (SSA)
John Nurse
Julia Springer
Junior Batson, LUTCF, FSS (SSA)
Kaleb Burnett
Kara Edwards
Keisha James
Kelly-Ann Phillips
Kim Rock , BA (Hons), LUTCF
Kweku Reid, LUTCF
Lana Butcher, BSc (Hons), LUTCF (SSA)
Lana Moseley, LUTCF
Lornette Shaw-Marshall
Margaret Matthews,LUTCF
Marilyn Paton-Robinson, LUTCF (SSA)
Michael Browne
Michael Gulstone
Michelle Fiddler-Ward, LUTCF
Minerva Batson
Mona St. Louis, LUTCF, FSS
Moranda Rawlins, LUTCF
Nesha Mayers
Nicole Catwell, BSc
Olivia Bennett
Olivia Gittens
Olvin Forde, LUTCF
Pamela Johnson-Cave, LUTCF, FSS (SSA)
Patrick Moore
Paul Gittens
Pierre Graham
Ramona McCollin
Randolph Charles
Rasheed McClean-Barrow
Rhea Dalrymple, BA
Richard Birmingham, LUTCF
Robert Millar
Robert O. Downes
Roderick Nurse, LUTCF, FSS
Rodney Brathwaite, LUTCF
Rodney R. Davis

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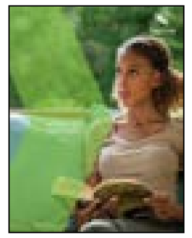
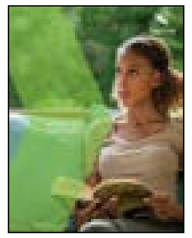


BARBADOS SALES STAFF

Roger Eversley
Romelle Greenidge
Rosalind Selby, LUTCF, FSS
Ross Maynard
Roxanne Gaskin
Rudo Catlin, LUTCF
Ryan Hall, LUTCF
Samuel Elcock
Sandra Bascombe-Howell, LUTCF (SSA)
Sandra Blunt, LUTCF, FSS
Sean Jordan, LUTCF, FSS
Shakeea Boyce, BSc
Shari Burgess
Sharon Phillips, BSc (Hons), MBA, CPA
Shawn A. Gittens
Sheila Chandler, LUTCF
Shernell Wilkinson
Sherrice Felix, BA
Sherwin Brandford
Shontelle M. Greenidge
Simon Marshall, LUTCF
Sonia Thompson-Reid, LUTCF, FSS
Stephen Clarke
Tanisha Hunte
Tennycia Gill
Terencia Coward-Thompson, LUTCF
Terrel Goddard
Tremaine Watson
Tremayne Austin, LUTCF,FSS
Troy Millington, LUTCF
Vallene Worrell
Vaughn Cozier, LUTCF
Wayne Campbell, LUTCF
Winston Howard
Wynthrop Catwell

INDEPENDENTS

Andrew Mason (SSA)
Angela Greaves, LUTCF (SSA)
Brewbar Insurance Agent Inc. (Mark Brewster) LUTCF (SSA)
Consuella Lynch, BA, ChFC (SSA)
Ian Forde
Jennifer Applewhaite (SSA)
John Collymore, LUTCF, FSS
John H. Wilson, JP, LUTCF (SSA)
Merle Billy, LUTCF, ACS
Myrna Greaves, BA (SSA)
Packer Inc (Charles Packer) (SSA)
Patrick Estwick, CLU (SSA)
Pearson Bovell, LUTCF
Ralph Best (SSA)
Reuben Brathwaite (SSA)
Rodney Boxill, LUTCF, FSS
Rommel Sobers (SSA)
Sophia Howard, CLU, ChFC, LUTCF (SSA)



BARBADOS SALES STAFF

Sagicor Funds Incorporated

INCORPORATED/RETIRED ADVISORS

Alister Harris
Alvin Ward, CLU, ChFC, CHS (AVW Assurance Agent Inc)
Andi Simon, LUTCF
Angela Daniel, JP
Anthony Branch
Benedict Kenneth Desuze
C. Shirley Clarke, CLU
Calston Evelyn
Calvin Saul
Charles Ishmael
Claudette Walcott, ACS
Clyde Brome , CLU
Dennis Hope
Edith Marshall
Errol Yearwood
Euleen Babb
Frank Codrington
Frank Odle, BSc, ChFC
Glynn Wellington
Godfrey Grannum, LUTCF, FSS
Hadford Inniss, BA
June Branch
Ken Marshall
Kolibri Financial Services- Insurance Agents (Margaret Audain), LUTCF (SSA)
Lemuel Daniel, HIA
Lionel Edghill, JP
Lionel Hoyte
Malcolm Squires, JP
Margot Black
Marilyn Rice-Bowen, LUTCF
Maurice Norville, BA, CLU
Mervyn Brewster
Michael Wills
Nigel Harper, LUTCF
Pat Forde
Patricia Gilding, CLU, CHFC (Individual Financial Services (Insurance Agent) Inc)
Patrick Hill
Richard Bynoe
Steve Burke
Trevor Greaves, ACS
Trevor Mapp
Winston Johnson, Snr

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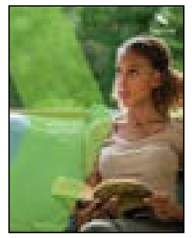

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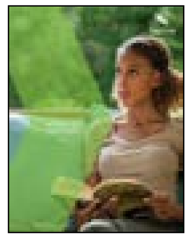

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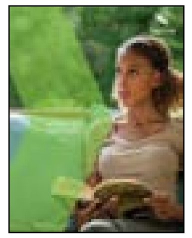

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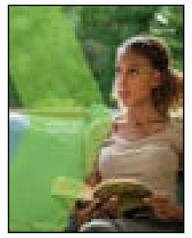

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Building a better working world

Ernst & Young Ltd
P.O. Box 261
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Barbados, W.I.

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Welches
St. Thomas, BB22025
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
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246 430 1352
www.ey.com

AUDITORS' REPORT

To the redeemable fund shareholders of Sagicor Global Balanced Fund, Sagicor Preferred Income Fund, Sagicor Select Growth Fund and the common shareholder of Sagicor Funds Incorporated

We have audited the accompanying financial statements of Sagicor Global Balanced Fund, Sagicor Preferred Income Fund, Sagicor Select Growth Fund and Sagicor Funds Incorporated which comprise the statements of financial position as of September 30, 2016, the statements of comprehensive income, changes in net assets attributable to shareholders, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor Global Balanced Fund, Sagicor Preferred Income Fund, Sagicor Select Growth Fund and Sagicor Funds Incorporated as of September 30, 2016 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

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AUDITOR'S REPORT (CONT'D)

Other Matters
This report is made solely to the redeemable fund shareholders of Sagicor Global Balanced Fund, Sagicor Preferred Income Fund, Sagicor Select Growth Fund and the common shareholder of Sagicor Funds Incorporated, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund shareholders and common shareholder as a body, for our audit work, for this report, or for the opinion we have formed.

Ernst & Young Ltd
CHARTERED ACCOUNTANTS
Barbados
29 December 2016

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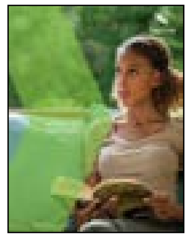

Sagicor Funds Incorporated
Statement of Financial Position
As of September 30, 2016

Amounts expressed in Barbados Dollars

	Notes	2016	2015
		$	$
Assets			
Financial investments	6	1,963,576	1,720,837
Cash and cash equivalents		33,809	203,966
Total assets		1,997,385	1,924,803
Equity			
Common shares	10	1,000,000	1,000,000
Retained earnings		997,385	924,803
Total equity		1,997,385	1,924,803

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on December 29, 2016.

Chairman

Director

Sagicor Funds Incorporated
Statement of Changes in Equity
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	Common Shares	Retained Earnings	Total
	$	$	$
Balance at September 30, 2014	1,000,000	837,772	1,837,772
Net income for the year	-	87,031	87,031
Balance at September 30, 2015	1,000,000	924,803	1,924,803
Net income for the year	-	72,582	72,582
Balance at September 30, 2016	1,000,000	997,385	1,997,385

The accompanying notes form an integral part of these financial statements.

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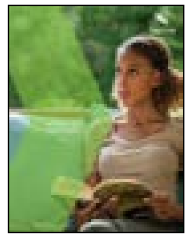

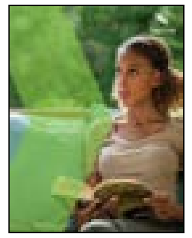

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Sagicor Funds Incorporated
Statement of Comprehensive Income
For the year ended September 30, 2016 — *Amounts expressed in Barbados Dollars*

	Notes	2016	2015
		$	$
Revenue			
Interest income	11	100,079	101,930
Net losses on financial investments	11	(15,183)	(2,435)
		84,896	99,495
Expenses			
Other expenses		185	120
Income from ordinary activities		84,711	99,375
Withholding taxes		(12,129)	(12,344)
Comprehensive income		72,582	87,031

The accompanying notes form an integral part of these financial statements.

Sagicor Funds Incorporated
Statement of Cash Flows
For the year ended September 30, 2016 — *Amounts expressed in Barbados Dollars*

	2016	2015
	$	$
Cash flows from operating activities		
Net income for the year	72,582	87,031
Financial investments	(242,739)	(7,123)
Net cash (used in)/from operating activities and net (decrease)/increase in cash and cash equivalents	(170,157)	79,908
Cash and cash equivalents - beginning of year	203,966	124,058
Cash and cash equivalents - end of year	33,809	203,966

The accompanying notes form an integral part of these financial statements.

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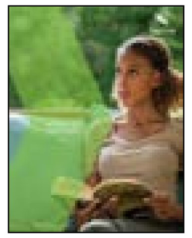

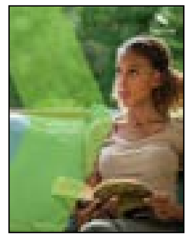

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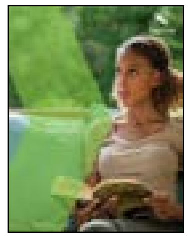
Sagicor Global Balanced Fund
Statement of Financial Position
As of September 30, 2016 — *Amounts expressed in Barbados Dollars*

	Notes	2016 $	2015 $
Assets			
Due from related parties	4	23,325	31,950
Due from parent company	4	86,280	351,267
Accounts receivable	5	24,686	21,743
Financial investments	6	59,168,330	58,133,890
Cash and cash equivalents		4,498,380	2,613,183
Total assets		63,801,001	61,152,033
Liabilities			
Due to related parties	4	815,811	319,154
Due to parent company	4	26,624	12,608
Accounts payable	8	155,741	96,729
Total liabilities (excluding those attributable to fund shareholders)		998,176	428,491
Net assets attributable to fund shareholders	9	62,802,825	60,723,542
Total liabilities		63,801,001	61,152,033
No. of redeemable Global Balanced Fund shares outstanding at end of year		26,632,584	27,522,108
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		2.36	2.21
Increase/(decrease) increase in net asset value per redeemable Sagicor Global Balanced Fund share at end of year		6.8%	(3.5%)

The accompanying notes form an integral part of these financial statements.
Approved by the Board of Directors on December 29, 2016.

Chairman

Director



Sagicor Global Balanced Fund
Statement of Changes in Net Assets Attributable to Fund Shareholders
For the year ended September 30, 2016 — *Amounts expressed in Barbados Dollars*

	2016 Number of Shares	2016 Total $	2015 Number of Shares	2015 Total $
Balance at beginning of year	27,522,108	60,723,542	28,084,352	64,371,934
Proceeds from issue of shares	1,747,661	3,911,171	1,172,110	2,679,048
Redemption of shares	(2,637,185)	(6,029,701)	(1,734,354)	(3,959,856)
Net decrease from share transactions	(889,524)	(2,118,530)	(562,244)	(1,280,808)
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	4,197,813	-	(2,367,584)
Balance at end of year	26,632,584	62,802,825	27,522,108	60,723,542

The accompanying notes form an integral part of these financial statements.

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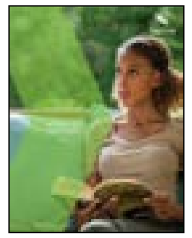
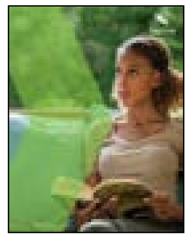


Sagicor Global Balanced Fund
Statement of Comprehensive Loss
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	Notes	2016	2015
		$	$
Revenue			
Interest income	11	1,269,076	1,204,351
Dividend income		914,130	879,343
Net gains/(losses) on financial investments	11	3,669,797	(2,849,121)
		5,853,003	(765,427)
Expenses			
Management fee	12	1,092,378	1,109,329
Custodian fee	12	156,054	158,476
Other expenses		266,899	208,985
		1,515,331	1,476,790
Income/(loss) from ordinary activities		4,337,672	(2,242,217)
Withholding taxes		(139,859)	(125,367)
Increase/(decrease) in net assets attributable to fund shareholders from operations and comprehensive income/(loss)		4,197,813	(2,367,584)

The accompanying notes form an integral part of these financial statements.



Sagicor Global Balanced Fund
Statement of Cash Flows
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	2016	2015
	$	$
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to fund shareholders from operations and net income/(loss) for the year	4,197,813	(2,367,584)
Changes in operating assets and liabilities		
Due from related parties	8,625	8,623
Due from parent company	264,987	537
Accounts receivable	(2,943)	35,409
Financial investments	(1,034,440)	429,882
Due to related parties	496,657	61,936
Due to parent company	14,016	(327)
Accounts payable	59,012	(21,287)
Net cash from/(used in) operating activities	4,003,727	(1,852,811)
Cash flows from financing activities		
Proceeds from issue of shares	3,911,171	2,679,048
Redemption of shares	(6,029,701)	(3,959,856)
Net cash used in financing activities	(2,118,530)	(1,280,808)
Net increase/(decrease) in cash and cash equivalents	1,885,197	(3,133,619)
Cash and cash equivalents - beginning of year	2,613,183	5,746,802
Cash and cash equivalents - end of year	4,498,380	2,613,183

The accompanying notes form an integral part of these financial statements.

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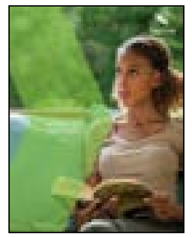

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Sagicor Preferred Income Fund
Statement of Financial Position
As of September 30, 2016

Amounts expressed in Barbados Dollars

	Notes	2016 $	2015 $
Assets			
Due from related parties	4	467,431	71,153
Due from parent company	4	-	19,471
Accounts receivable	5	547,435	239,655
Financial investments	6	31,407,499	27,697,059
Cash and cash equivalents		4,055,152	2,173,640
Total assets		36,477,517	30,200,978
Liabilities			
Due to related parties	4	44,732	21,497
Due to parent company	4	14,908	6,197
Accounts payable	8	76,609	16,938
Total liabilities (excluding those attributable to fund shareholders)		136,249	44,632
Net assets attributable to fund shareholders	9	36,341,268	30,156,346
Total liabilities		36,477,517	30,200,978
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		33,995,578	28,463,497
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		1.07	1.06
Increase in net asset value per redeemable Sagicor Preferred Income Fund share at end of year		0.9%	1.0%

The accompanying notes form an integral part of these financial statements.
Approved by the Board of Directors on December 29, 2016.

Chairman

Director

Sagicor Preferred Income Fund
Statement of Changes in Net Assets Attributable to Fund Shareholders
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	2016		2015	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year	28,463,497	30,156,346	27,654,900	29,049,801
Proceeds from issue of shares	9,534,728	10,046,048	2,801,207	2,933,462
Redemption of shares	(4,002,647)	(4,236,447)	(1,992,610)	(2,095,648)
Net increase from share transactions	5,532,081	5,809,601	808,597	837,814
Increase in net assets attributable to fund shareholders from operations	-	375,321	-	268,731
Balance at end of year	33,995,578	36,341,268	28,463,497	30,156,346

The accompanying notes form an integral part of these financial statements.

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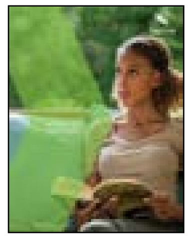

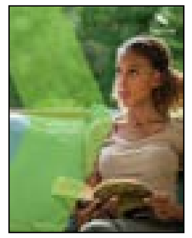

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Sagicor Preferred Income Fund
Statement of Comprehensive Income
For the year ended September 30, 2016 *Amounts expressed in Barbados Dollars*

	Notes	2016	2015
		$	$
Revenue			
Interest income	11	1,725,957	1,531,080
Dividend income		15,750	15,000
Net gains on financial investments	11	582,866	301,766
		2,324,573	1,847,846
Expenses			
Management fee	12	248,049	221,086
Custodian fee	12	82,683	73,695
Other expenses		163,639	49,149
		494,371	343,930
Income from ordinary activities		1,830,202	1,503,916
Finance costs			
Distribution to fund shareholders		(1,346,342)	(1,138,379)
Income before withholding taxes		483,860	365,537
Withholding taxes		(108,539)	(96,806)
Increase in net assets attributable to fund shareholders from operations and comprehensive income		375,321	268,731

The accompanying notes form an integral part of these financial statements.

Sagicor Preferred Income Fund
Statement of Cash Flows
For the year ended September 30, 2016 *Amounts expressed in Barbados Dollars*

	2016	2015
	$	$
Cash flows from operating activities		
Increase in net assets attributable to fund shareholders from operations and net income for the year	375,321	268,731
Changes in operating assets and liabilities		
Due from related parties	(396,278)	(27,601)
Due from parent company	19,471	-
Accounts receivable	(307,780)	(112,536)
Financial investments	(3,710,440)	(1,591,518)
Due to related parties	23,235	(15,241)
Due to parent company	8,711	306
Accounts payable	59,671	712
Net cash used in operating activities	(3,928,089)	(1,477,147)
Cash flows from financing activities		
Proceeds from issue of shares	10,046,048	2,933,462
Redemption of shares	(4,236,447)	(2,095,648)
Net cash from financing activities	5,809,601	837,814
Net increase/(decrease) in cash and cash equivalents	1,881,512	(639,333)
Cash and cash equivalents - beginning of year	2,173,640	2,812,973
Cash and cash equivalents - end of year	4,055,152	2,173,640
Cash and cash equivalents:		
Cash resources	4,055,152	1,091,600
Call deposits	-	1,082,040
	4,055,152	2,173,640

The accompanying notes form an integral part of these financial statements.

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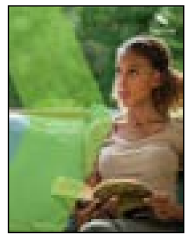

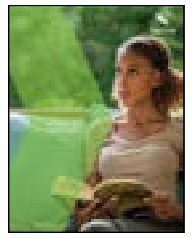

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Sagicor Select Growth Fund
Statement of Financial Position
As of September 30, 2016 *Amounts expressed in Barbados Dollars*

	Notes	2016 $	2015 $
Assets			
Due from related parties	4	201,168	13,330
Due from parent company	4	-	213,983
Accounts receivable	5	9,949	-
Financial investments	6	31,204,980	28,250,507
Cash and cash equivalents		3,315,978	1,592,690
Total assets		34,732,075	30,070,510
Liabilities			
Due to related parties	4	99,209	28,261
Due to parent company	4	13,778	6,326
Accounts payable	8	20,399	36,313
Total liabilities (excluding those attributable to fund shareholders)		133,386	70,900
Net assets attributable to fund shareholders	9	34,598,689	29,999,610
Total liabilities		34,732,075	30,070,510
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		27,025,481	25,155,134
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		1.28	1.19
Increase/(decrease) in net asset value per redeemable Sagicor Select Growth Fund share at end of year		7.6%	(7.8%)

The accompanying notes form an integral part of these financial statements.
Approved by the Board of Directors on December 29, 2016.

Chairman   Director

Sagicor Select Growth Fund
Statement of Changes in Net Assets Attributable to Fund Shareholders
For the year ended September 30, 2016 *Amounts expressed in Barbados Dollars*

	2016		2015	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	25,155,134	29,999,610	25,127,968	32,392,494
Proceeds from issue of shares	4,045,661	4,990,474	2,568,333	3,287,560
Redemption of shares	(2,175,314)	(2,686,409)	(2,541,167)	(3,238,654)
Net increase from share transactions	1,870,347	2,304,065	27,166	48,906
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	2,295,014	-	(2,441,790)
Balance at end of year	27,025,481	34,598,689	25,155,134	29,999,610

The accompanying notes form an integral part of these financial statements.

Sagicor Select Growth Fund
Statement of Comprehensive Loss
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	Notes	2016	2015
		$	$
Revenue			
Interest income	11	192,939	146,077
Dividend income		634,444	584,680
Net gains/(losses) on financial investments	11	2,033,086	(2,316,449)
		2,860,469	(1,585,692)
Expenses			
Management fee	12	237,461	240,829
Custodian fee	12	79,154	80,276
Other expenses		188,627	485,329
		505,242	806,434
Income/(loss) from ordinary activities		2,355,227	(2,392,126)
Withholding taxes		(60,213)	(49,664)
Increase/(decrease) in net assets attributable to fund shareholders from operations and comprehensive income/(loss)		2,295,014	(2,441,790)

The accompanying notes form an integral part of these financial statements.

Sagicor Select Growth Fund
Statement of Cash Flows
For the year ended September 30, 2016

Amounts expressed in Barbados Dollars

	Notes	2016	2015
		$	$
Cash flows from operating activities			
Increase/(decrease) in net assets attributable to fund shareholders from operations and net income/(loss) for the year		2,295,014	(2,441,790)
Changes in operating assets and liabilities			
Due from related parties		(187,838)	(12,776)
Due from parent company		213,983	-
Accounts receivable		(9,949)	21,540
Financial investments		(2,954,473)	204,980
Due to related parties		70,948	(10,204)
Due to parent company		7,452	(332)
Accounts payable		(15,914)	(19,028)
Net cash used in operating activities		(580,777)	(2,257,610)
Cash flows from financing activities			
Proceeds from issue of shares		4,990,474	3,287,560
Redemption of shares		(2,686,409)	(3,238,654)
Net cash from financing activities		2,304,065	48,906
Net increase/(decrease) in cash and cash equivalents		1,723,288	(2,208,704)
Cash and cash equivalents - beginning of year		1,592,690	3,801,394
Cash and cash equivalents - end of year		3,315,978	1,592,690
Cash and cash equivalents comprise:			
Cash resources		3,315,978	1,091,491
Call deposits		-	501,199
		3,315,978	1,592,690

The accompanying notes form an integral part of these financial statements.

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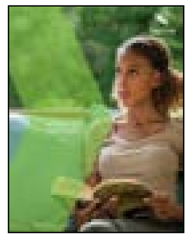

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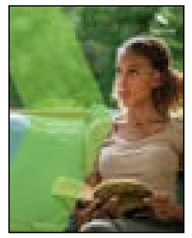


1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

Sagicor Funds Incorporated ("the Company"), which is wholly owned by Sagicor Life Inc., was incorporated in Barbados on May 20, 1997 and includes all the mutual funds currently operated by the Sagicor Group.

On June 2, 1997, the Company issued Series A and Series AU shares known as Sagicor Global Balanced Fund shares, constituting the Sagicor Global Balanced Fund.

On December 2, 2004, Series B and Series BU shares known as Sagicor Preferred Income Fund shares, constituting the Sagicor Preferred Income Fund and Series C and Series CU shares known as Sagicor Select Growth Fund shares, constituting the Sagicor Select Growth Fund were issued.

The aim of Sagicor Global Balanced Fund (SGBF) is to provide investors with an avenue for investment in local, regional and international markets, to achieve a reasonable return of income and long-term capital appreciation. The aim of Sagicor Preferred Income Fund (SPIF) is to achieve a high level of current income and preservation of capital through investments in a diversified portfolio of debt securities, asset backed securities, high income funds and selected equities. The aim of Sagicor Select Growth Fund (SSGF) is to achieve above average total returns over the long term through investments primarily in a diversified portfolio of international equities, other mutual funds with growth strategies and other select securities.

Management has determined that, although the Company has the power to direct the relevant activities of each Fund, it does not control those activities on the grounds that it has no exposure or rights from variable returns from its involvement with each of SGBF, SPIF and SSGF ("the Funds"). Variable returns are attributable to the redeemable preferred shareholders of those Funds. Management of the Company re-assesses whether or not it controls a Fund if facts and circumstances indicate that there are changes to the key elements of control. Consequently, these financial statements comprise those of the Company, excluding those of the individual Funds and, separately, each of the individual Funds operated by the Company.

Sagicor Asset Management Inc. is the appointed Investment Advisor and Manager of the Funds and administers the Funds from its offices at Cecil F. DeCaires Building, Wildey, St. Michael, Barbados.

Each of the Fund's shares are redeemable at the option of the holder and are listed on the Barbados Securities Exchange for informational purposes. The shares cannot be traded on the stock exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

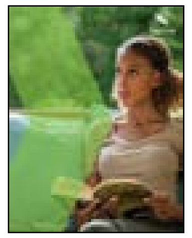
2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss, that have been measured at fair value.These financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

All amounts in these financial statements are shown in Barbados dollars unless otherwise stated.

(a) Adoption of new accounting policies

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 October 2015 that would be expected to have a material impact on the Company or the Funds.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Future changes in accounting policies

(i) IFRS 9

IFRS 9, 'Financial instruments', issued but not yet effective up to the date of issuance of these financial statements, addresses the classification, measurement and recognition of financial assets and financial liabilities.

IFRS 9 was issued in November 2009 and October 2010 and is applicable from January 1, 2018. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company has yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 October 2018.

(ii) IFRS 15

IFRS 15, 'Revenue from contracts with customers', issued but not yet effective up to the date of issuance of these financial statements, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

IRFS 15 was issued on 28 May 2014 and is applicable from January 1, 2018. It replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company has yet to assess IRFS 15's full impact.

2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of the Company and the Funds are measured using the currency of the primary economic environment in which they operate (the functional currency). The financial statements are presented in Barbados dollars, which is the Company's and the Funds' functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Currency exchange rates are determined by reference to the respective central banks. Currencies which are fixed to the United States dollar are converted into Barbados dollars at the equivalent fixed rates. Currencies which float are converted to the Barbados dollar by reference to the average of buying and selling rates quoted by the respective central banks.

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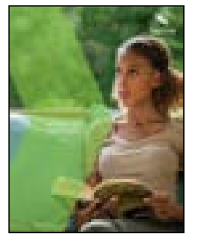

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For the year ended September 30, 2016 Amounts expressed in Barbados Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange rates of the other principal operating currencies to the Barbados dollar were as follows:

	September		September	
	2016 closing rate	**2016 average rate**	**2015 closing rate**	**2015 average rate**
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	63.92	61.76	59.35	57.93
Trinidad & Tobago dollar	3.36	3.29	3.17	3.17
United States dollar	0.50	0.50	0.50	0.50

2.3 Financial instruments

(a) Classification

The Company and the Funds classify their financial instruments into two categories:

- financial assets and liabilities at fair value through profit or loss and;
- loans and receivables

Management determines the appropriate classification of these assets at initial recognition.

Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities in this category have been so designated by management at inception since the assets form part of a managed portfolio whose performance is evaluated on a fair value basis in accordance with a documented investment strategy.

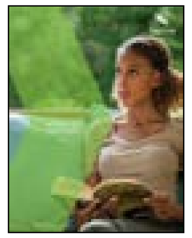
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Funds may include in this category certain debt securities, amounts relating to reverse repurchase agreements, cash collateral on securities borrowed and other short-term receivables.

(b) Recognition and measurement

The Company and the Funds recognise a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Funds commit to purchase or sell the asset. Cost of purchases includes transaction costs for assets classified as loans and receivables.

Loans and receivables are carried at amortised cost less provision for impairment.

Financial assets in the category at fair value through profit and loss are measured initially at cost and are subsequently re-measured at their fair value based on quoted prices or internal valuation techniques. Realised and unrealised gains and losses are recognised in profit or loss.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

(c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company or the Funds have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and,
- Either (a) the Company or the Funds have transferred substantially all the risks and rewards of the asset, or (b) the Company or the Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Company and the Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

(d) Fair value

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs. The fair value of alternative investments, which comprise mutual funds, is based upon net asset values provided by the fund managers and administrators.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy (Note 7.5). The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

(e) Impaired financial assets

The Company and the Funds assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in repayments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss, if any, is recognised in the statement of comprehensive income as a credit loss expense.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company or the Funds. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

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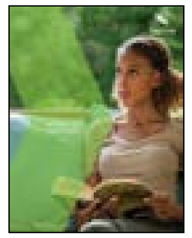


2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

- cash balances,
- call deposits,
- other liquid balances with maturities of three months or less from the acquisition date.

Cash equivalents are subject to an insignificant risk of change in value.

2.5 Provisions

Provisions are recognised when the Company or the Funds have a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.6 Interest income

Interest income is recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest includes coupon interest on fixed rate financial instruments and accrued discount and premium on discounted instruments.

2.7 Dividend income

Dividend income is recognized when the Company or the Funds' rights to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which is disclosed separately in the statement of comprehensive income.

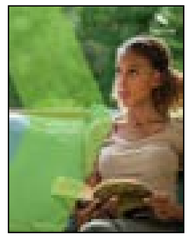
2.8 Taxation

The Funds operate under The Mutual Fund Act 1998-45. Consequently the Funds will not be subject to corporation tax on income derived from their investing activities provided that all income arising in an income year is designated to be income of the fund shareholders.

The Funds currently incur withholding taxes imposed by certain countries or financial institutions on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

2.9 Distributions

Distributions are paid twice annually to holders of redeemable SPIF shares. Since redeemable fund shares are regarded as a liability (Note 2.12), distributions are treated as an expense in the determination of net income for the year.



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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Management fee, Investment Advisory and Custodian fees

Sagicor Asset Management Inc. (SAMI) serves as investment adviser and manager to the Funds. As a result of the provision of these services by SAMI, a management fee based on the actual net asset value of each Fund is calculated weekly and payable in arrears. The rate charged is 1.75% per annum for SGBF and 0.75% for SPIF and SSGF.

Morgan Stanley (MSL) and Oppenheimer & Co (Oppenheimer) serve as consultants to the investment adviser. MSL earns a management fee calculated at 1.00% per annum of the value of the portfolio of assets under their management. This is payable quarterly. Oppenheimer earns a management fee calculated at 1.25% - 3% of the asset value of the portfolio managed, which is also payable quarterly.

Sagicor Life Inc (Sagicor) serves as custodian of the SSGF whereas both Sagicor and Maduro and Curiel's Bank NV (Maduro) serve as custodians of SGBF and SPIF. As a result of providing custodial services, Sagicor receives a custodian fee based on the actual net asset value of each Fund, calculated weekly and payable in arrears, at the rate of 0.25% per annum. Maduro receives a custodian fee based on 1.00% per annum of the value of the assets under their custody. This fee is payable semi-annually.

2.11 Net asset value per share

The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders (calculated in accordance with redemption requirements) by the number of shares in issue.

2.12 Redeemable fund shares

Redeemable fund shares are redeemable at the shareholders' option and are classified as financial liabilities. The liabilities arising from the redeemable fund shares are carried at the redemption amount being the net asset value calculated in accordance with IFRS. The Fund issues shares at the net asset value of the existing shares. The holder of the redeemable fund shares can redeem them for cash equal to a proportionate share of the Fund's net asset value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Funds' financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

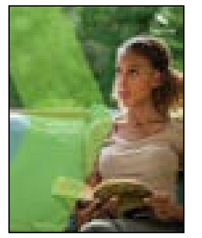
3.1 Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, it is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as credit risk, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

3.2 Impairment of financial assets

A loan or a receivable is considered impaired when management determines that it is probable that all amounts due according to the original contract terms will not be collected. This determination is made after considering the payment history, the financial condition and the financial viability of the borrower.

The determination of impairment may either be considered by individual asset or by a grouping of assets with similar relevant characteristics.



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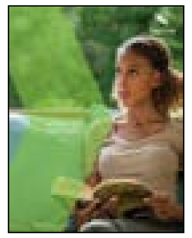
4. RELATED PARTY BALANCES

These balances are interest free, unsecured and have no fixed terms of repayment.

5. ACCOUNTS RECEIVABLE

	2016 $	2015 $
Sagicor Global Balanced Fund		
Interest receivable	21,847	21,743
Dividends receivable	2,839	-
	24,686	21,743
Sagicor Preferred Income Fund		
Interest receivable	15,694	188,988
Unsettled trades	54,468	50,667
Other	477,273	-
	547,435	239,655
Sagicor Select Growth Fund		
Dividends receivable	5,114	-
Subscriptions receivable	4,835	-
	9,949	-



6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2016 $	2015 $
Sagicor Funds Incorporated		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	1,192,979	1,208,163
Loans and receivables:		
Deposits	770,597	512,674
Total Sagicor Funds Incorporated financial investments	1,963,576	1,720,837
Sagicor Global Balanced Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	17,089,548	16,768,419
Corporate debt securities	2,286,283	2,165,219
Total fixed income securities	19,375,831	18,933,638
Equity securities		
Quoted equity securities	35,745,776	33,459,645
Managed mutual funds	3,756,294	4,066,376
Total equity securities	39,502,070	37,526,021
Loans and receivables:		
Government debt securities	130,506	143,951
Deposits	159,923	1,530,280
	290,429	1,674,231
Total Sagicor Global Balanced Fund's financial investments	59,168,330	58,133,890

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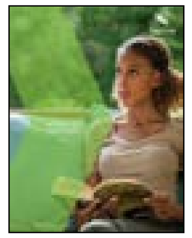

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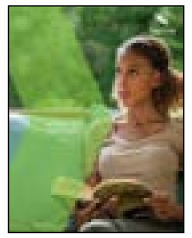
6. FINANCIAL INVESTMENTS (continued)

Analysis of financial investments (continued)

	2016 $	2015 $
Sagicor Preferred Income Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	23,261,802	20,355,006
Corporate debt securities	3,316,015	3,113,196
Total fixed income securities	26,577,817	23,468,202
Equity securities		
Quoted equity securities	641,250	492,000
	641,250	492,000
Loans and receivables:		
Corporate debt securities	-	412,999
Government debt securities	869,692	959,287
Deposits	3,318,740	2,364,571
	4,188,432	3,736,857
Total Sagicor Preferred Income Fund's financial investments	31,407,499	27,697,059
Sagicor Select Growth Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	3,454,487	1,852,054
Corporate debt securities	1,266,327	1,179,563
Total fixed income securities	4,720,814	3,031,617
Equity securities		
Quoted equity securities	23,443,705	22,734,760
Managed mutual funds	2,532,715	2,484,130
Total equity securities	25,976,420	25,218,890
Loans and receivables:		
Deposits	507,746	-
	507,746	-
Total Sagicor Select Growth Fund's financial investments	31,204,980	28,250,507



7. FINANCIAL RISK

The Funds' activities of accepting funds from shareholders and investing these funds in a variety of financial and other assets expose the Funds to various financial risks.

Financial risks include credit, liquidity and market risks. Market risk arises from changes in interest rates, equity prices, currency exchange rates or other market factors. Each Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The effects of these risks are disclosed in the sections below.

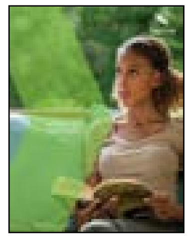
7.1 Credit risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Company or the Funds. Credit risk is primarily associated with financial investments held.

Credit risk from financial investments is minimised through holding a diversified portfolio of investments, purchasing securities only after careful assessment of the borrower, and placing deposits with financial institutions with a strong capital base. Limits may be placed on the amount of risk accepted in relation to one borrower.

The maximum exposures of the Funds to credit risk are set out in the following table.

	2016		2015	
	$	%	$	%
Sagicor Funds Incorporated				
Debt securities	1,192,979	60	1,208,163	63
Loans and receivables	770,597	38	512,674	27
Cash and cash equivalents	33,809	2	203,966	10
Total balance sheet exposures	1,997,385	100	1,924,803	100
Sagicor Global Balanced Fund				
Due from related parties	23,325	-	31,950	-
Due from parent company	86,280	-	351,267	2
Accounts receivable	24,686	-	21,743	-
Debt securities	19,375,831	80	18,933,638	80
Loans and receivables	290,429	1	1,674,231	7
Cash and cash equivalents	4,498,380	19	2,613,183	11
Total balance sheet exposures	24,298,931	100	23,626,012	100



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7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

	2016 $	2016 %	2015 $	2015 %
Sagicor Preferred Income Fund				
Due from related parties	467,431	1	71,153	-
Due from parent company	-	-	19,471	-
Accounts receivable	547,435	2	239,655	1
Debt securities	26,577,817	74	23,468,202	79
Loans and receivables	4,188,432	12	3,736,857	13
Cash and cash equivalents	4,055,152	11	2,173,640	7
Total balance sheet exposures	35,836,267	100	29,708,978	100
Sagicor Select Growth Fund				
Due from related parties	201,168	2	13,330	-
Due from parent company	-	-	213,983	5
Accounts receivable	9,949	-	-	-
Debt securities	4,720,814	54	3,031,617	62
Loans and receivables	507,746	6	-	-
Cash and cash equivalents	3,315,978	38	1,592,690	33
Total balance sheet exposures	8,755,655	100	4,851,620	100

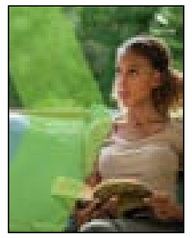
7.1.1 Risk concentration of maximum exposure to credit risk

Concentrations of credit risk arise when a number of financial instruments are entered into with the same counterparty, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Company's and the Funds' policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

The Company's and the Funds' exposure to individual counterparty credit risk exceeding 2.5% of total exposures is set out below.

	2016 $	2015 $
Sagicor Funds Incorporated		
Debt securities:		
Government of Barbados debenture denominated in Barbados dollars (rated B- by Standard and Poors)	1,192,979	1,208,163
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	554,387	716,640
Bank of Montreal (rated A+ by Standard and Poors)	250,019	-



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7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

7.1.1 Risk concentration of maximum exposure to credit risk (continued)

	2016 $	2015 $
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in United States dollars (rated B- by Standard and Poors)	1,165,069	1,274,590
Government of Barbados debt securities denominated in Barbados dollars (rated B- by Standard and Poors)	8,129,065	7,859,525
Government of Curacao debt securities denominated in Netherland Antilles Florins (rated A- by Standard and Poors)	3,273,126	3,263,464
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,823,511	1,698,571
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	668,209	2,076,937
Commonwealth of Bahamas debt securities denominated in United dollars (BBB- by Standard and Poors)	1,071,819	1,089,818
Government of St. Lucia debt securities denominated in United States dollars (unrated)	1,805,437	221,798
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	772,387	732,392
Capita Financial Services Inc.(unrated)	-	1,013,616
Morgan Stanley (rated BBB+ by Standard and Poors)	3,090,143	1,333,217
CIBC FirstCaribbean International Bank (unrated)	999	623,697

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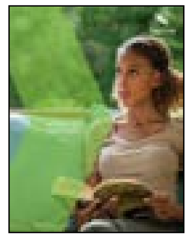
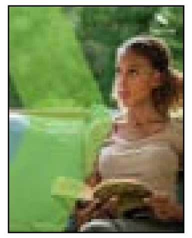


7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

7.1.1 Risk concentration of maximum exposure to credit risk (continued)

	2016 $	2015 $
Sagicor Preferred Income Fund		
Debt securities:		
Government of Barbados debt securities denominated in United States dollars (rated B- by Standard and Poors)	2,304,769	2,692,789
Government of Barbados debt securities denominated in Barbados dollars (rated B- by Standard and Poors)	14,252,604	12,066,168
Government of Bermuda debt securities denominated in United States dollars (rated A+ by Standard and Poors)	2,328,319	2,223,279
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	869,692	959,287
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,215,674	1,132,380
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,442,573	1,676,114
Government of St.Lucia debt securities denominated in United States dollars (unrated)	889,544	870,702
Sagicor Financial Limited debt securities denominated in United States dollars (rated B by Standard and Poors)	1,371,996	1,292,496
Government of Trinidad and Tobago debt securities denominated in United States dollars (rated A- by Standard and Poors)	1,424,838	-
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	2,606,058	1,967,842
Oppenheimer & Co Inc. (rated B by Standard and Poors)	1,130,308	156,168
Morgan Stanley (rated BBB+ by Standard and Poors)	1,739,219	567,695
Capita Financial Services Inc. (unrated)	1,825,677	1,774,438



7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

7.1.1 Risk concentration of maximum exposure to credit risk (continued)

	2016 $	2015 $
Sagicor Select Growth Fund		
Debt securities:		
Government of Barbados debt securities denominated in Barbados dollars (rated B- by Standard and Poors)	529,015	-
Simpson Finance Limited - denominated in Barbados dollars (unrated)	1,266,327	1,179,563
Government of Bermuda debt securities denominated in United States dollars (rated A+ by Standard and Poors)	982,019	926,007
Government of St.Lucia debt securities denominated in United States dollars (unrated)	927,193	926,047
Government of Trinidad and Tobago debt securities denominated in United States dollars (rated A- by Standard and Poors)	1,016,260	-
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	1,988,394	126,198
Capita Financial Services Inc. (unrated)	-	501,199
Oppenheimer & Co Inc. (rated B by Standard and Poors)	591,984	346,982
Morgan Stanley (rated BBB+ by Standard and Poors)	1,243,345	618,312

Past due and impaired financial investments

A financial asset is past due when a counterparty has failed to make payment when contractually due. The Funds are most exposed to the risk of past due assets with respect to their financial investments; namely debt securities classified as loans and receivables.

An indication that the fair value of debt securities is adversely impacted is when amounts are past due, when the borrower is experiencing cash flow difficulties, or when the borrower's credit rating has been downgraded.

7.2 Liquidity risk

Liquidity risk is the exposure that the Funds may have insufficient cash resources to meet their obligations as they become due. The Funds are exposed to daily calls on their available cash resources for redemptions and operating expenses. Shares are redeemable at the holder's option based on the Funds' net asset value per share at the time of redemption calculated in accordance with the Funds' constitution.

Liquidity management is therefore primarily designed to ensure that funding requirements can be met; including the replacement of existing funds as they are withdrawn. The Funds manage their liquidity risk by investing primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Funds' policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns. Through experience and monitoring, the management of the Funds is able to maintain sufficient liquid resources to meet current obligations.

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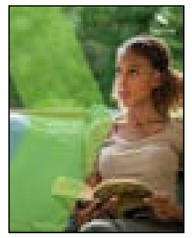

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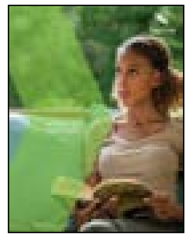

7. FINANCIAL RISK (continued)

7.2 Liquidity risk (continued)

(a) Financial liabilities

An analysis of financial liabilities by remaining contract maturities for 2016 and 2015, indicate that all the Funds' financial liabilities are due within one year or payable on demand.

(b) Financial assets

The maturity profiles of the Funds' financial assets are summarised in the following tables. Maturity profile amounts are stated at their carrying values recognised in the statement of financial position and are analysed by their contractual maturity dates.

All assets mature within one year, except for the investments in debt instruments which mature as follows:

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2016				
Sagicor Funds Incorporated	-	1,192,979	-	1,192,979
Sagicor Global Balanced Fund	2,626,961	11,628,427	5,250,949	19,506,337
Sagicor Preferred Income Fund	3,232,756	12,641,368	11,573,385	27,447,509
Sagicor Select Growth Fund	927,193	1,795,342	1,998,279	4,720,814
As of September 30, 2015				
Sagicor Funds Incorporated	-	1,208,163	-	1,208,163
Sagicor Global Balanced Fund	610,212	6,514,757	11,952,620	19,077,589
Sagicor Preferred Income Fund	3,758,596	10,859,649	10,222,243	24,840,488
Sagicor Select Growth Fund	926,047	-	2,105,570	3,031,617

7. FINANCIAL RISK (continued)

7.3 Interest rate risk

The Funds are exposed to interest rate risk. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The return on financial investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

The Funds are therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on their financial positions and cash flows. Interest margins may increase or decrease as a result of such changes.

The majority of interest rate exposure arises on investment in debt securities in the regional and international markets. The Funds' investments in debt securities carry fixed interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Funds invest in a diversified portfolio of fixed income securities and measures the average effective duration of this portfolio.

(a) Financial liabilities

All the Funds' financial liabilities are non-interest bearing for 2016 and 2015.

(b) Financial assets

Assets bearing interest rate risk comprise all of each Fund's debt securities, deposits and certain balances of cash and cash equivalents. The table below shows each Fund's exposure to interest rate risk on its cash and cash equivalents.

	Interest bearing $	Non-interest bearing $	Total $
As of September 30, 2016			
Sagicor Funds Incorporated	-	33,809	33,809
Sagicor Global Balanced Fund	3,705,134	793,246	4,498,380
Sagicor Preferred Income Fund	2,869,527	1,185,625	4,055,152
Sagicor Select Growth Fund	1,835,329	1,480,649	3,315,978
As of September 30, 2015			
Sagicor Funds Incorporated	-	203,966	203,966
Sagicor Global Balanced Fund	1,721,827	891,356	2,613,183
Sagicor Preferred Income Fund	1,805,903	367,737	2,173,640
Sagicor Select Growth Fund	1,466,492	126,198	1,592,690

The table below summarises the average interest yields on financial assets held during the year.

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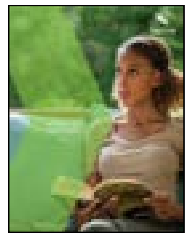

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7. FINANCIAL RISK (continued)

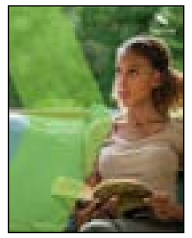
7.3 Interest rate risk (continued)

	2016		2015	
	Deposits	**Debt securities**	**Deposits**	**Debt securities**
Sagicor Funds Incorporated	1.6%	7.9%	2.1%	7.9%
Sagicor Global Balanced Fund	3.4%	6.5%	4.1%	6.2%
Sagicor Preferred Income Fund	3.5%	6.4%	3.7%	6.2%
Sagicor Select Growth Fund	2.4%	4.6%	1.6%	5.4%

Sensitivity

The table below demonstrates the sensitivity of the Funds' income for the year to a reasonably possible change in interest rates, with all other variables held constant. The effect of an increase in interest rates to debt securities at fair value through profit and loss at the statement of financial position date to revenue and income from ordinary activities is as follows.

	2016 $	2015 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through profit and loss	19,375,831	18,933,638
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(525,856)	(623,735)
Sagicor Preferred **Income** Fund		
Total debt securities at fair value through profit and loss	26,577,817	23,468,202
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(796,492)	(735,093)
Sagicor Select Growth Fund		
Total debt securities at fair value through profit and loss	4,720,814	3,031,617
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(161,599)	(115,899)
Sagicor Funds Inc.		
Total debt securities at fair value through profit and loss	1,192,979	1,208,163
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(23,764)	(33,244)



7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk

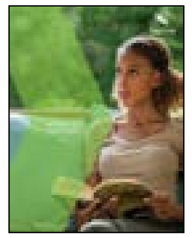
Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Funds invest in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Funds' assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Funds will necessarily be subject to foreign exchange risk. Since the Barbados dollar and the Eastern Caribbean (EC) dollar is fixed against the United States (US) dollar, there is no exposure to foreign exchange risk for assets and liabilities held in either US or EC dollars. The Fund's policy is not to enter into any hedging transactions to mitigate currency risk.

Concentration of foreign currency exposure

The tables below sets out the Funds' exposure to foreign currency exchange rates of the monetary assets and liabilities. Assets denominated in currencies other than Barbados dollars are principally cash and investments. All other assets and liabilities are primarily denominated in Barbados dollars.

Sagicor Global Balanced Fund

	Balances denominated in					
	Barbados	**Trinidad $**	**EC $**	**US $**	**Other currencies $**	**Total $**
As of September 30, 2016						
Assets	23,993,176	2,107,856	987,000	32,896,987	3,815,982	63,801,001
Liabilties	(998,176)	-	-	-	-	(998,176)
Net assets	22,995,000	2,107,856	987,000	32,896,987	3,815,982	62,802,825
As of September 30, 2015						
Assets	24,526,584	2,307,716	1,031,139	29,610,577	3,676,017	61,152,033
Liabilities	(428,491)	-	-	-	-	(428,491)
Net assets	24,098,093	2,307,716	1,031,139	29,610,577	3,676,017	60,723,542



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7. FINANCIAL RISK (continued)

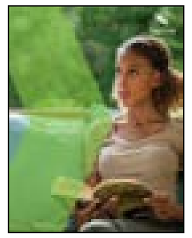
7.4 Foreign exchange risk (continued)

Sagicor Preferred Income Fund

	Balances denominated in					
					Other	
	Barbados	Trinidad	EC	US	currencies	Total
		$	$	$	$	$
As of September 30, 2016						
Assets	21,008,694	-	72,630	15,138,238	257,955	36,477,517
Liabilities	(136,249)	-	-	-	-	(136,249)
Net assets	20,872,445	-	72,630	15,138,238	257,955	36,341,268
As of September 30, 2015						
Assets	17,763,106	-	86,279	12,085,169	266,424	30,200,978
Liabilities	(44,632)	-	-	-	-	(44,632)
Net assets	17,718,474	-	86,279	12,085,169	266,424	30,156,346

Sagicor Select Growth Fund

	Balances denominated in					
					Other	
	Barbados	Trinidad	EC	US	currencies	Total
		$	$	$	$	$
As of September 30, 2016						
Assets	9,438,075	3,081,673	-	22,212,327	-,	34,732,075
Liabilities	(133,386)	-	-	-	-	(133,386)
Net assets	9,304,689	3,081,673	-	22,212,327	-	34,598,689
As of September 30, 2015						
Assets	7,131,588	3,149,834	-	19,789,088	-	30,070,510
Liabilities	(70,900)	-	-	-	-	(70,900)
Net assets	7,060,688	3,149,834	-	19,789,088	-	29,999,610



7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

Sagicor Funds Inc.

	Balances denominated in					
					Other	
	Barbados	Trinidad	EC	US	currencies	Total
		$	$	$	$	$
As of September 30, 2016						
Assets	1,747,366	-	-	250,019	-	1,997,385
As of September 30, 2015						
Assets	1,924,803	-	-	-	-	1,924,803

Sensitivity

The Funds are exposed to currency risk in respect of financial investments denominated in currencies - other than the US dollar to which the Barbados dollar is fixed and the EC dollar which is also fixed to the US dollar - whose values may fluctuate against the Barbados dollar. The effects of a 5% depreciation in these currencies relative to the Barbados dollar arising from financial investments in those currencies as of September 30, 2016 are considered in the following table.

As of September 30, 2016	**Trinidad**	**Other**
	$	$
Sagicor Global Balanced Fund	2,107,856	3,815,982
Effect of 5% depreciation in value	(105,393)	(190,799)
Sagicor Preferred Income Fund	-	257,955
Effect of 5% depreciation in value	-	(12,898)
Sagicor Select Growth Fund	3,081,673	-
Effect of 5% depreciation in value	(154,084)	-
As of September 30, 2015		
Sagicor Global Balanced Fund	2,307,716	3,676,017
Effect of 5% depreciation in value	(115,386)	(183,801)
Sagicor Preferred Income Fund	-	266,424
Effect of 5% depreciation in value	-	(13,321)
Sagicor Select Growth Fund	3,149,834	-
Effect of 5% depreciation in value	(157,492)	-

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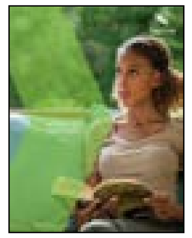

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7. FINANCIAL RISK (continued)

7.5.1 Other price risk

The Funds are exposed to other price risk arising from changes in equity prices. Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Funds' investments in equity securities. The Funds manage this risk by holding a diversified portfolio.

The Funds' overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a quarterly basis by the Board of Directors.

The effects of an across the board 5% decline in equity prices of the Funds' fair value through income equity securities, at statement of financial position date are set out below.

	2016		2015	
	Fair value	Effect of a 5% decline	Fair value	Effect of a 5% decline
	$	$	$	$
Sagicor Global Balanced Fund				
Equity securities:				
Local and regional equities	15,328,785	(766,439)	15,193,250	(759,663)
US market investments				
Quoted equities	20,416,991	(1,020,850)	18,266,395	(913,320)
Quoted managed mutual funds	3,738,544	(186,927)	4,045,409	(202,270)
Unquoted managed mutual funds	17,750	(888)	20,967	(1,048)
	39,502,070	(1,975,104)	37,526,021	(1,876,301)
Sagicor Preferred Income Fund				
Equity securities:				
Local and regional equities	641,250	(32,063)	492,000	(24,600)
	641,250	(32,063)	492,000	(24,600)

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7. FINANCIAL RISK (continued)

7.5.1 Other price risk (continued)

	2016		2015	
	Fair value	Effect of a 5% decline	Fair value	Effect of a 5% decline
	$	$	$	$
Sagicor Select Growth Fund				
Equity securities:				
Local and regional equities	8,524,895	(426,245)	8,247,149	(412,357)
US market investments				
Quoted equities	14,918,810	(745,941)	14,487,611	(724,381)
Quoted managed mutual funds	2,528,144	(126,407)	2,478,724	(123,936)
Unquoted managed mutual funds	4,571	(228)	5,406	(270)
	25,976,420	(1,298,821)	25,218,890	(1,260,944)

The following table shows financial instruments recorded at fair value as at September 30, analyzed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- Those with inputs for the asset or liability that are not based on observable market data (observable inputs) (Level 3).

Sagicor Global Balanced Fund

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As of September 30, 2016				
Fixed income securities	-	19,375,831	-	19,375,831
Equity investments	35,745,776	-	-	35,745,776
Managed mutual funds	803,785	2,934,759	17,750	3,756,294
	36,549,561	22,310,590	17,750	58,877,901
As of September 30, 2015				
Fixed income securities	-	18,933,638	-	18,933,638
Equity investments	33,459,645	-	-	33,459,645
Managed mutual funds	969,085	3,076,324	20,967	4,066,376
	34,428,730	22,009,962	20,967	56,459,659

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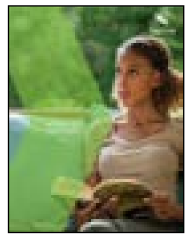

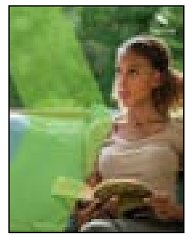

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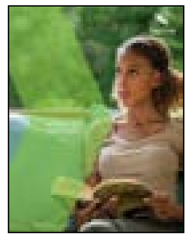

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Sagicor Preferred Income Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2016				
Fixed income securities	-	26,577,817	-	26,577,817
Equity investments	641,250	-	-	641,250
Managed mutual funds	-	-	-	-
	641,250	26,577,817	-	27,219,067
As of September 30, 2015				
Fixed income securities	-	23,468,202	-	23,468,202
Equity investments	492,000	-	-	492,000
Managed mutual funds	-	-	-	-
	492,000	23,468,202	-	23,960,202

Sagicor Select Growth Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2016				
Fixed income securities	-	4,720,814	-	4,720,814
Equity investments	23,443,705	-	-	23,443,705
Managed mutual funds	506,399	2,021,745	4,571	2,532,715
	23,950,104	6,742,559	4,571	30,697,234
As of September 30, 2015				
Fixed income securities	-	3,031,617	-	3,031,617
Equity investments	22,734,760	-	-	22,734,760
Managed mutual funds	597,592	1,881,132	5,406	2,484,130
	23,332,352	4,912,749	5,406	28,250,507

Sagicor Funds Inc.

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2016				
Fixed income securities	-	1,192,979	-	1,192,979
As of September 30, 2015				
Fixed income securities	-	1,208,163	-	1,208,163

Managed mutual funds that are traded are classified as Level 1 while those that are not traded are classified as Level 3. The fair values of the managed mutual funds in Level 3 are based on prices determined by the investee fund managers and administrators.

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

When fair values of listed equity at the reporting date are based on quoted market prices, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

The Funds invests in corporate and government bonds. When these instruments are not measured at the quoted price in an active market they are valued using observable inputs, such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. To the extent that these inputs are observable, the Funds classify the fair value of these investments as Level 2.

The Fund invests in both quoted managed funds and managed funds which are not traded on an exchange. Investments in the unquoted funds are valued based on the net assets value (NAV) per share published by the administrator of those funds. Depending on the fair value level of a fund's underlying assets and liabilities and on the adjustments needed to the NAV per share published by that fund, the Fund classifies the fair value of that investment as either Level 2 or Level 3. Quoted funds are classified as Level 1.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorized within Level 3 between the beginning and end of the reporting period:

	SGBF $	SPIF $	SSGF $
As of September 30, 2014	32,377	-	8,544
Purchases	-	-	-
Net (losses)	(1,793)	-	(445)
Disposals	(9,617)	-	(2,693)
As of September 30, 2015	20,967	-	5,406
Purchases	-	-	-
Net (losses)	(1,241)	-	(307)
Disposals	(1,976)	-	(528)
As of September 30, 2016	17,750	-	4,571

There were no transfers between categories during the period.

7.6 Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, amounts due from related parties, accounts payable and amounts due to related parties are not inconsistent with their carrying value because of the short maturity of these instruments. The liability in respect of the redeemable fund shares are carried at their fair value.

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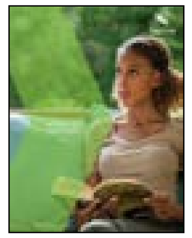

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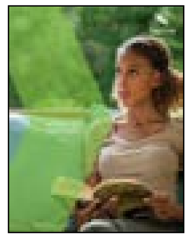

8. ACCOUNTS PAYABLE

	2016	2015
	$	$
Sagicor Global Balanced Fund		
Redemptions payable	71,347	65,847
Subcriptions pending	84,394	30,882
	155,741	96,729
Sagicor Preferred Income Fund		
Redemptions payable	605	16,898
Subscriptions pending	76,004	40
	76,609	16,938
Sagicor Select Growth Fund		
Redemptions payable	20,399	614
Subscriptions pending	-	35,699
	20,399	36,313

9. REDEEMABLE MUTUAL FUND SHARES

Authorized
An unlimited number of redeemable shares of no par value in series:

Series A and AU -Sagicor Global Balanced Fund shares
Series B and BU -Sagicor Preferred Income Fund shares
Series C and CU -Sagicor Select Growth Fund shares

The holders of redeemable mutual fund shares have an interest in the undivided portion of the assets of the respective Fund. These shares secure an equal share in the distribution of the net income and net capital gains and participate equally in all other respects.

The holders of redeemable mutual fund shares are entitled to vote only in respect of:

- the liquidation of the Fund;
- an increase, if any, in the fees and charges to the Fund;
- any change in the nature or kind of investments in which the Fund may be invested, or modification of the investment objectives;
- proposals for the removal of the Manager or Custodian Trustee;
- the reconstruction of the Fund, and/or the amalgamation of Sagicor Funds Incorporated and/or the Fund with any other company or mutual fund;
- the winding up of Sagicor Funds Incorporated or
- the amendment of any provision in the Articles appertaining to the Funds and By-law No. 2 of Sagicor Funds Incorporated.

9. REDEEMABLE MUTUAL FUND SHARES (continued)

Capital management

As a result of the ability to issue, repurchase and resell shares, the capital of the Funds can vary depending on the demand for redemptions and subscriptions to the Funds. The Funds are not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

The Funds' objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other advanced capital markets and by using various investment strategies and hedging techniques.
- To maintain sufficient liquidity to meet the expenses of the Funds, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operations of the Funds cost-efficient.

10. COMMON SHARES

Authorized:

Sagicor Funds Incorporated is authorized to issue 1,000,000 common shares of no par value.

	2016	2015
	$	$
Issued:		
(2015 – 1,000,000) common shares	1,000,000	1,000,000

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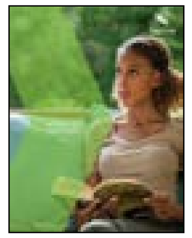

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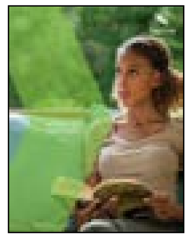
11. INVESTMENT INCOME

The Funds manage their financial investments by the type of financial instrument (i.e. debt securities, equity securities, deposits, etc) and the income there-from is presented accordingly.

(a) Interest income

	2016 $	2015 $
Sagicor Funds Incorporated		
Debt securities	91,460	91,460
Deposits	8,619	10,470
	100,079	101,930
Sagicor Global Balanced Fund		
Debt securities	1,210,152	1,118,511
Deposits	58,924	85,840
	1,269,076	1,204,351
Sagicor Preferred Income Fund		
Debt securities	1,619,460	1,452,772
Deposits	106,497	78,308
	1,725,957	1,531,080
Sagicor Select Growth Fund		
Debt securities	175,151	138,047
Deposits	17,788	8,030
	192,939	146,077



11. INVESTMENT INCOME (continued)

(b) Net gains/(losses) on financial instruments

	2016 $	2015 $
Sagicor Funds Incorporated		
Unrealised Losses		
Debt securities	(15,183)	(2,435)
Sagicor Global Balanced Fund		
Unrealised Gains/(losses)		
Debt securities	365,830	(62,868)
Equities	3,573,888	(3,391,594)
	3,939,718	(3,454,462)
Realised (Losses)/gains		
Debt securities	(51,317)	(1,818)
Equities	(215,608)	611,021
Foreign exchange	(2,996)	(3,862)
	(269,921)	605,341
Sagicor Preferred Income Fund		
Unrealised Gains/(losses)		
Debt securities	414,820	274,318
Equities	149,250	(48,091)
	564,070	226,227
Realised Gains/(losses)		
Debt securities	31,921	(10,307)
Equities	-	85,846
Foreign exchange	(13,125)	-
	18,796	75,539
Sagicor Select Growth Fund		
Unrealised Gains/(losses)		
Debt securities	181,669	9,714
Equities	2,577,340	(2,821,826)
	2,759,009	(2,812,112)
Realised (Losses)/gains		
Equities	(725,923)	495,663

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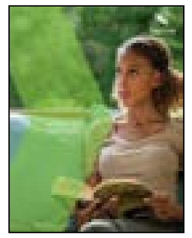

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For the year ended September 30, 2016 Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

Material related party transactions

	2016 $	2015 $
Sagicor Global Balanced Fund		
Management fee	1,092,378	1,109,329
Custodian fee	156,054	158,476
Sagicor Preferred Income Fund		
Management fee	248,049	221,086
Custodian fee	82,683	73,695
Sagicor Select Growth Fund		
Management fee	237,461	240,829
Custodian fee	79,154	80,276

13. TAXATION

The Funds are licensed as authorized mutual funds under the Mutual Funds Act, 2002-22 of Barbados. As a result, the Funds were not subject to corporation tax on income derived from their investing activities as all income arising in the year was designated to be income of the redeemable participating shareholders.