# VISION

To be a great company
committed to improving the lives
of the people in the communities
in which we operate.

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# DIRECTORS, SECRETARY, AUDITORS AND BANKERS

| | |
|---|---|
| **DIRECTORS** | Dr Marjorie Patricia Downes-Grant - Chairman<br>7A Edghill Heights<br>St Thomas, Barbados |
| | Mr Donald St Clair Austin<br>111 Welches Terrace<br>St Thomas, Barbados |
| | Mr Richard Owen Byles<br>Lot 40 Fort George Heights<br>Stony Hill<br>Kingston<br>Jamaica |
| | Mr Dodridge Denton Miller<br>Lot 1, Brighton<br>St George, Barbados |
| | Dr Grenville Winslow Phillips<br>9 Emerald Ridge, Mullins<br>St Peter, Barbados |
| **SECRETARY** | Miss Sandra Osborne<br>6 Lodge Hill<br>St Michael, Barbados |
| **AUDITORS** | PricewaterhouseCoopers<br>Chartered Accountants<br>The Financial Services Centre, Bishop's Court Hill<br>St Michael, Barbados |
| **BANKERS** | Butterfield Bank<br>The Mutual Building, Broad Street<br>Bridgetown, Barbados |
| **REGISTERED OFFICE** | Sagicor Corporate Centre<br>Wildey<br>St Michael, Barbados |

# 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<br>$100.00 for subsequent investments |
| **NET ASSET VALUE PER SHARE:** | $2.19 |
| **NET ASSETS:** | $79,180,523 |
| **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 |
| **INVESTMENT ADVISER:** | Sagicor Asset Management Inc (SAMI) |
| **INVESTMENT MANAGER:** | Sagicor Asset Management Inc (SAMI) |
| **CUSTODIANS:** | Sagicor Life Inc<br>Maduro & Curiel's Bank NV |
| **FUND VALUATIONS:** | Weekly on Fridays |
| **NAV QUOTATIONS:** | Local Newspapers |

# INVESTMENT OBJECTIVES

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 December 1st and June 1st.

| | |
|---|---|
| **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<br>$200.00 for subsequent investments |
| **NET ASSET VALUE PER SHARE:** | $1.02 |
| **NET ASSETS:** | $23,663,334 |
| **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 |
| **INVESTMENT ADVISER:** | Sagicor Asset Management Inc (SAMI) |
| **INVESTMENT MANAGER:** | Sagicor Asset Management Inc (SAMI) |
| **CUSTODIANS:** | Sagicor Life Inc.<br>Maduro & Curiel's Bank NV |
| **FUND VALUATIONS:** | Weekly on Fridays |
| **NAV QUOTATIONS:** | Local Newspapers |

# INVESTMENT OBJECTIVES

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<br>$200.00 for subsequent investments |
| **NET ASSET VALUE PER SHARE:** | $1.17 |
| **NET ASSETS:** | 29,435,845 |
| **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 |
| **INVESTMENT ADVISER:** | Sagicor Asset Management Inc (SAMI) |
| **INVESTMENT MANAGER:** | Sagicor Asset Management Inc (SAMI) |
| **CUSTODIAN:** | Sagicor Life Inc |
| **FUND VALUATIONS:** | Weekly on Fridays |
| **NAV QUOTATIONS:** | Local Newspapers |

**Dr M Patricia Downes-Grant**
Chairman

# CHAIRMAN'S REPORT

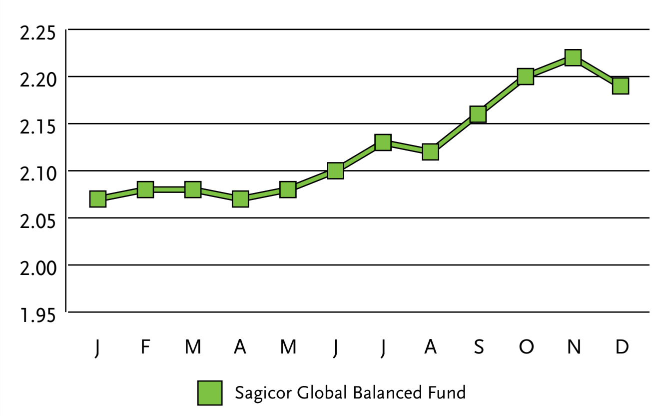
Sagicor Funds Incorporated achieved positive investment performance and financial growth during 2007. The Sagicor Select Growth Fund rebounded to post a return of 9.4%. The performance of the Sagicor Global Balanced Fund and Sagicor Preferred Income Fund moderated to 5.8% and 3.7% respectively, as a confluence of credit market conditions weighed on fixed income securities. The weighted average yield on the fixed income portfolios of these funds remained favourable, however cyclical valuation changes were incurred from shifts in domestic and international yield curves used in valuing these portfolios. The temperance in interest rates in 2008 should result in a recapture of much of this value.

Global financial markets were characterized by periods of intense volatility as the financial sector suffered the effects of unconstrained leverage which typified the sub prime era. The sub prime crisis and its contagion in the wider credit markets, sullied the investment climate and threatened the integrity of the US financial system. The increase in defaults on these mortgage loans left investors skeptical of products with limited transparency and complex structures such as mortgage backed bonds and collateralized debt obligations. Global central banks flooded credit markets with liquidity and created new lending facilities apace, in an effort to stabilize capital markets as investment managers recalibrated their risk appetite.

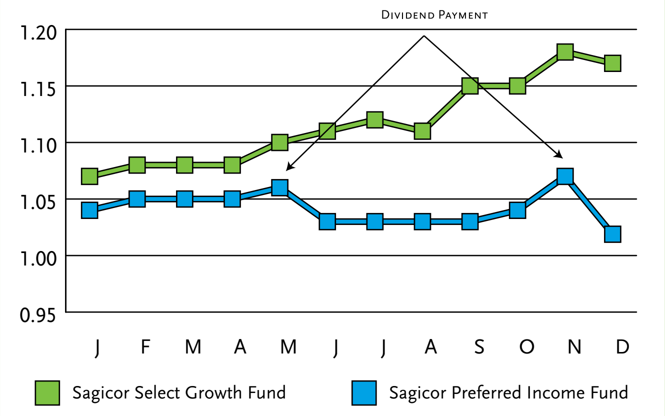
The precipitous drop in equity markets was a repercussion of the credit crisis and marked a major inflection point. This prompted the US Federal Reserve to aggressively loosen its monetary policy stance as evidence by the lowering of its benchmark Federal Funds rate and institution of its auction rate program to banks. The federal funds rate was reduced from 5.25% to 2.25% as of the first quarter of 2008. This policy was widely viewed as insurance against downside risks with a key aim of stimulating growth and mitigating the impact of the sub prime fallout on financial markets. The salutary impact of these actions were evident in forecast of positive, though lower, global economic growth ahead.

The Barbados economy recorded an expansion in real gross domestic product of 4.2% during the first nine months of 2007. Growth was led principally by the non-traded sectors with a moderate contribution from the traded sector, mainly tourism. The increase in excess liquidity was evident by the reduction in the Treasury bill rate to 4.93% and symptomatic of the restrictive monetary policy stance which prevailed in the previous two years. A more accommodative policy stance was adopted in the last quarter in 2007 with a reduction in the benchmark savings rate to 4.75%. This initiative was aimed at stimulating economy activity and forestalling the impact of global economic downturn.

**FUND PERFORMANCE 2007**




**FUND PERFORMANCE 2007**



In Trinidad and Tobago inflationary conditions were a consequence of high oil prices and a thriving economy. The Central Bank instituted liquidity absorption measures, including open market operations to contain the associated increase in money demand. Headline inflation increased 7.6% with food price inflation being the main catalyst. In Jamaica, the acceleration in inflation to 16.8% in 2007 was largely reflective of the increase in international commodity and energy prices. Demand pressures in the foreign exchange market contributed to the 4.9% depreciation in the weighted average selling rate of the Jamaica dollar against the US dollar. Growth in gross domestic product was a modest 1.2% as a consequence of the unstable macroeconomic environment.

Regional markets were buoyed by corporate acquisitions with target companies such as West India Biscuit Company Ltd, Barbados Farms Ltd, Barbados Shipping and Trading Ltd and Lascelles dominating performance in their respective markets. The proposed takeover of RBTT by Royal Bank of Canada also generated market activity. The Barbados Stock Index grew 12.6% in 2007 and market capitalization increased 13.0% to $11.2 billion. The Trinidad and Tobago stock Index returned 2.2% while the Jamaica Stock Index gained 7.2%. These performances were reflective of strong rallies in the fourth quarter. The conglomerate and manufacturing sectors lead performance in these markets.

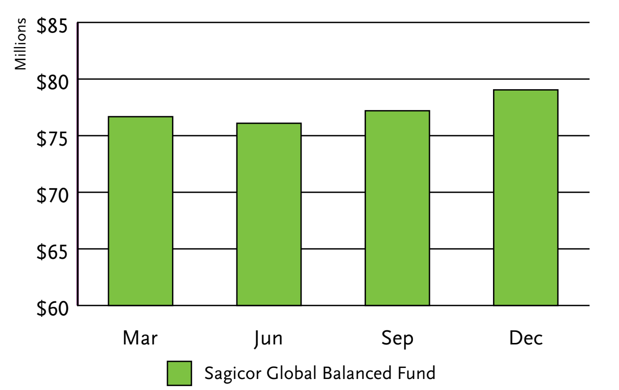
The collective net assets of Sagicor Funds Incorporated rose by $8.6 million during 2007. More specifically, net assets of the Sagicor Select Growth Fund increased by $4.7 million and the Sagicor Global Balanced Fund and Sagicor Preferred Income Fund, $2.0 million and $1.9 million respectively. Sagicor Funds Incorporated recorded an increase in net assets attributable to Fund shareholders from operations and net income of $6.0 million whilst gross revenue was $9.8 million. This performance was attributable to the growth in our international and regional securities portfolios.

The advocacy for regional market integration continued with the launch of the Caribbean Exchange Network to integrate the operations of the Barbados, Jamaica and Trinidad and Tobago stock exchanges. This action, though congruent with the Caricom Single Market and Economy vision, faltered as the timeframe for implementation lapsed. The inconsistency of market regulations and practices were drawn into question during the takeover of Barbados Shipping and Trading and again heightened the need for harmonisation. At this time, the Barbados Securities Commission and its counterparts in Jamaica and Trinidad and Tobago continue to consider new rules for the Caribbean Stock Exchange.

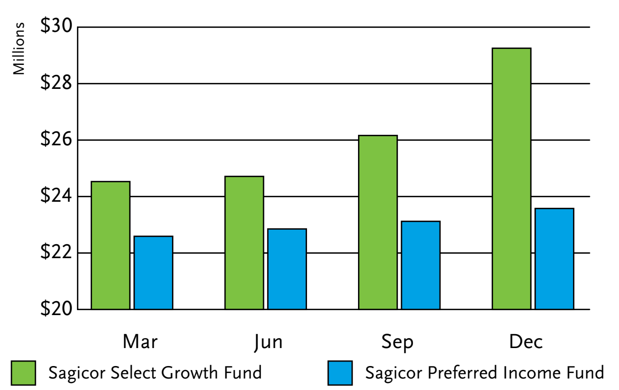
In view of the challenges ahead on the international investment landscape, we will maintain strict adherence to risk management fundamentals and continue to be prudent in our approach to investment management. Recessionary conditions remain a looming threat and the related market risks are inherent to the investment environment. Our strategy remains that of pursuing opportunities which offer good risk to reward potential and long-term earnings. On behalf of the Board of Directors, I wish to thank the management, staff, agents and brokers for their dedication and pledge our commitment to realizing value for our shareholders.

M Patricia Downes-Grant

**NET ASSETS 2007**




**NET ASSETS 2007**



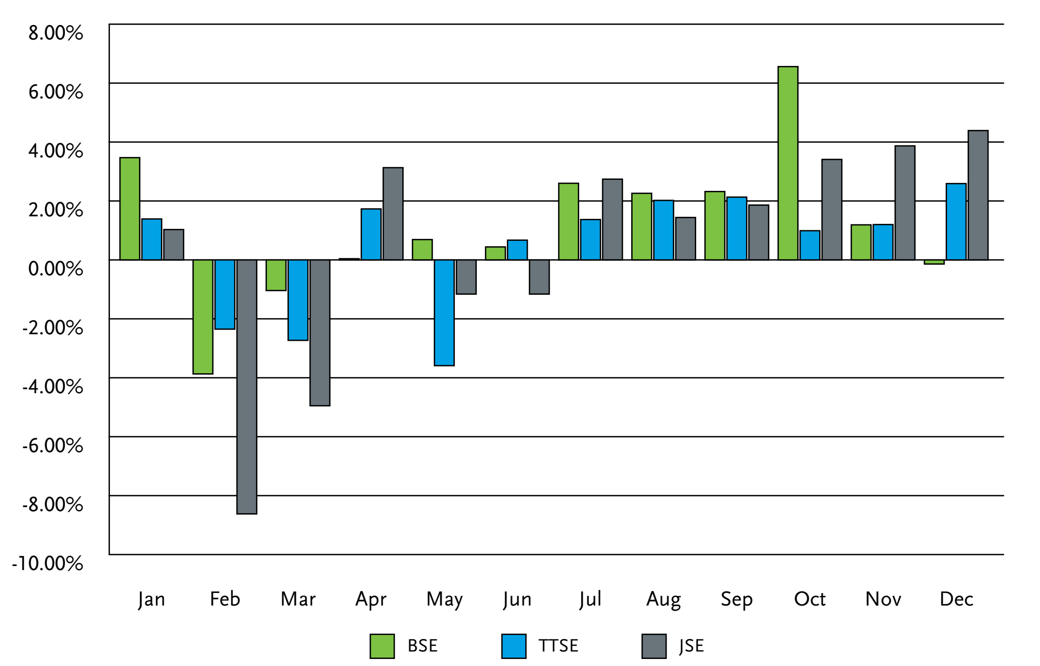
# INVESTMENT REPORT

The substantial increase in the price of oil continued into 2007 and dampened returns on the global capital markets. This resulted in a moderation of economic activity in the developed markets. During the year, instability in the credit markets coupled with inflation concerns accounted for the increased levels of volatility. Overall, strong investor sentiment along with monetary policy intervention from the US Federal Reserve kept the markets buoyant in the latter half of the year. Positive performance was achieved despite weakening corporate earnings in the financial markets and the spread of the sub-prime crisis into Europe. The Morgan Stanley Capital International (MSCI) World Index returned 7.1% in 2007 as compared with 13.9% the previous year. The MSCI Emerging Market Index performed well in 2007, advancing by 36.5% for the year, surpassing the 29.2% return recorded in 2006. Investor confidence remained relatively high in the emerging markets despite the prevailing economic uncertainty.

In 2007, the regional stock markets performed relatively well in comparison to their previous year's results. The Barbados Stock Exchange (BSE) was the best performer for the year and grew 12.6% in 2007 as compared to its 6.8% loss in 2006. The local market capitalization grew 13.0% to $11.2 billion for the year. The Trinidad Stock Exchange (TSE) gained 2.2% in 2007. This moderate increase follows the 9.9% loss incurred in 2006. Investor confidence in Trinidad remained relatively low during the year and was reflective of a general absence of institutional participation. The Jamaica index gained 7.2% in 2007 as compared to a fall of 3.7% in 2006. The Jamaican Stock Exchange continued to exhibit volatility. Stocks were constrained and investors encountered a negative start to the year, with a sharp decline in value in the first half of the year, followed by a strong rally in the second half in the year. The BSE and the JSE have lost 0.47% and 3.4% respectively for the first quarter of 2008 while the TSE gained 0.20% for the quarter.

By the end of 2007, the Funds collectively had $135.4 million in assets, up 6.3% from their total assets in 2006. Revenue for the Funds stood at $9.8 million for the year, with net gains on financial investments accounting for 45.3% of revenue. As in 2006, investments in the international markets provided the greatest contribution to returns in 2007. Significant gains from the US, Asian, and European equities and alternative investments

**REGIONAL STOCK INDICIES 2007**



propelled returns in the international portfolio. The Funds were positioned to take advantage of the value opportunities in the regional market, however, the continued lackluster performance of the Jamaican and Trinidadian equity markets, constrained growth in the regional equity segment of the portfolios. For the third year, investments capitalizing on the value style outperformed instruments that focused on growth, and the international stock indices outperformed the US indices.

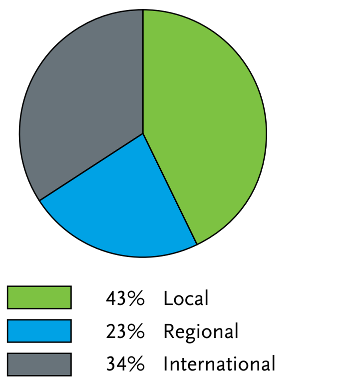
The performance of the US stock indices was tempered by the credit crisis and geopolitical tensions. The Dow Jones Industrial Average and the Standard & Poors 500 index grew 6.4% and 3.5% respectively, while the NASDAQ increased 9.8%. This performance contrasted with the first quarter of 2008 where concern over recessionary conditions in the US and the unfolding credit crisis weighed on market performance. During this period the Dow Jones Industrial Index and the Standard & Poors 500 index recorded losses of 7.6% and 9.9% respectively. The NASDAQ index declined 14.1%.

The Sagicor Global Balanced Fund achieved growth of 5.8% in 2007 as compared to a loss of 0.3% in 2006. The Fund maintained its bias towards equity securities with an allocation of 72.5% of investments, while 27.5% were attributable to fixed income securities. The net asset value of the Fund was $2.19 as at December 31, 2007. The geographical allocation for the Fund was 42.6% local securities and 23.0% regional securities. International securities accounted for 34.4% of net assets. The net assets of the Sagicor Global Balanced Fund amounted to $79.2 million at December 31, 2007, an increase of 1.5% as compared to 2006. Net income for 2007 was $4.3 million as compared to a loss of $225,597 in the previous year. Unrealized gains which remained the primary contributor to net investment income, totaled $3.0 million for the year. The Fund continued to benefit from its exposure to the international value sectors and selective alternative investments in the international markets. The Fund has emphasized its fixed income acquisitions to bring the asset allocation in line with policy allocations.

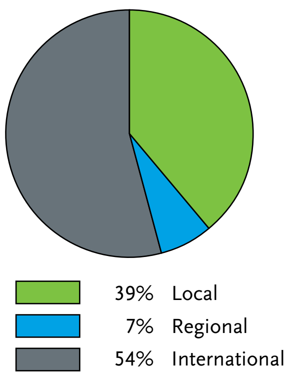
The Sagicor Preferred Income Fund recorded a gain of 3.7% in 2007, with a net asset value of $1.02 at December 31, 2007. The Fund paid a dividend of 3.06 cents per share in May and a dividend of 3.05 cents per share in November in 2007. Sovereign debt issued comprised 57.1% of the Fund's holdings and represented the large component of the fixed income portfolio. However the widening of credit spreads due to deteriorating credit market conditions were reflected in fair value changes in the market value of corporate investments. The Fund maintained an allocation of 95.6% of assets to fixed income securities, while 4.4% were attributable to equity securities. The geographical allocation for the Fund was 39.2% local securities and 6.6% regional securities. International securities accounted for 54.2% of net assets. Net assets of the Sagicor Preferred Income Fund were $23.7 million at December 31, 2007. The decrease in net assets attributable to fund shareholders from operations was $461,687. The bonds outstanding for the Fund has increased 23.5% from $13.6 million to approximately $16.8 million.

The Sagicor Select Growth Fund recorded a sound performance in 2007. The net asset value at December 31, 2007 was $1.17, up 9.3% for the year. Although there was weakness in the regional and international markets in the first half of the year, a significant turnaround in the second half buttressed the Fund's portfolio. The strong performance of the alternative asset class helped to stabilize the Fund during the year and provided the Fund with steady growth in the international portfolio. Stocks and alternative investments comprised 57.5% and 36.7% of assets respectively, while 5.7% was attributable to fixed income securities. The geographical allocation for the Fund was 37.7% local securities and 11.5% regional securities. International securities accounted for 50.8% of net assets. We reduced our exposure to Jamaican equities during the year in line with the strategy highlighting key growth sectors and managing overall volatility. The net assets of the Fund increased 19.0% to $29.4 million in 2007. Unrealized gains totaled $1.4 million and the net income for the Fund was $2.3 million for 2007.

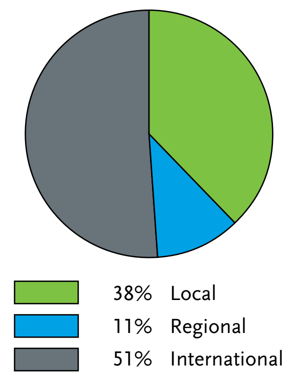
**GEOGRAPHICAL ALLOCATION 2007**
***(Global Balanced Fund)***




**GEOGRAPHICAL ALLOCATION 2007**
***(Preferred Income Fund)***




**GEOGRAPHICAL ALLOCATION 2007**
***(Select Growth Fund)***




## CONCLUSION

The regional and international markets have shown significant weakness in the first quarter of 2008. Effects of the worsening credit crisis and sharp increases in oil prices have added to instability in the world equity markets. The weakening of the US dollar and the pending US recession have added further uncertainty and continue to erode financial gains. Fiscal and monetary intervention by the US government and the Federal Reserve respectively, have been aimed at averting our economic recession and strengthening the financial system.

The Funds will continue to pursue strategies in line with delivering long-term value. We are positioned to benefit from our international and regional exposures. However, a number of countervailing factors, particularly a US recession, have the potential to depress financial market returns. In view of this, we will continue to exercise prudence in asset allocation and security seclection.

We remain committed to seeking the best opportunities for investment and creating value for our shareholders.

M Patricia Downes-Grant
Chairman

Donald Austin
Director

**SAGICOR FUNDS INCORPORATED**

## BALANCE SHEET

As of December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| Due from related parties | 4 | $ 16,465 | $ 284,477 |
| Due from parent company | 4 | 441,000 | 1,234,168 |
| Accounts receivable | 5 | 1,503,824 | 147,263 |
| Financial investments | 6 | 125,994,308 | 118,261,777 |
| Cash resources | | 7,460,642 | 7,460,637 |
| **Total assets** | | 135,416,239 | 127,388,322 |
| **LIABILITIES** | | | |
| Due to related parties | 4 | 1,034,750 | 1,930,179 |
| Accounts payable | 8 | 951,943 | 667,958 |
| **Total liabilities (excluding net assets attributable to fund shareholders)** | | 1,986,693 | 2,598,137 |
| **Net assets attributable to fund shareholders** | 9 | 132,279,699 | 123,717,494 |
| **Total liabilities** | | 134,266,392 | 126,315,631 |
| **EQUITY** | | | |
| Share capital | 10 | 1,000,000 | 1,000,000 |
| Retained earnings | | 149,847 | 72,691 |
| **Total equity** | | 1,149,847 | 1,072,691 |
| **Total liabilities and equity** | | $ 135,416,239 | $ 127,388,322 |

Approved on April 4, 2008

Chairman

Director

**SAGICOR FUNDS INCORPORATED**

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | | 2006 | |
|---|---|---|---|---|
| | Number of Shares | Total $ | Number of Shares | Total $ |
| **Net assets attributable to fund shareholders at January 1** | 81,303,781 | 123,717,494 | 76,353,781 | 120,659,059 |
| Proceeds from issue of shares | 9,289,890 | 12,289,360 | 11,099,597 | 13,212,574 |
| Redemption of shares | (6,216,410) | (9,770,622) | (6,149,597) | (9,700,231) |
| Net increase from share transactions | 3,073,480 | 2,518,738 | 4,950,000 | 3,512,343 |
| Increase/(decrease) in net assets attributable to fund shareholders from operations | | 6,043,467 | | (453,908) |
| **Net assets attributable to fund shareholders at December 31** | 84,377,261 | 132,279,699 | 81,303,781 | 123,717,494 |

**SAGICOR FUNDS INCORPORATED**

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | Share Capital $ | Retained earnings $ | Total $ |
|---|---|---|---|
| **Balance at December 31, 2005** | 1,000,000 | 31,326 | 1,031,326 |
| Net income for the year | - | 41,365 | 41,365 |
| **Balance at December 31, 2006** | 1,000,000 | 72,691 | 1,072,691 |
| Net income for the year | - | 77,156 | 77,156 |
| **Balance at December 31, 2007** | 1,000,000 | 149,847 | 1,149,847 |

## SAGICOR FUNDS INCORPORATED

## STATEMENT OF INCOME

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **REVENUE** | | | |
| Interest income | 11 | $ 3,544,306 | $ 3,038,749 |
| Dividend income | | 1,819,006 | 1,681,799 |
| Net gains/(losses) on financial investments | 11 | 4,447,534 | (1,782,096) |
| | | 9,810,846 | 2,938,452 |
| **EXPENSES** | | | |
| Management fee | 12 | 1,696,320 | 1,658,109 |
| Custodian fee | 12 | 310,557 | 296,159 |
| Other expenses | | 189,423 | 165,264 |
| | | 2,196,300 | 2,119,532 |
| **INCOME FROM ORDINARY ACTIVITIES** | | 7,614,546 | 818,920 |
| **Finance costs** | | | |
| Distributions to fund shareholders | | (1,336,426) | (1,115,511) |
| Income/(loss) before withholding taxes | | 6,278,120 | (296,591) |
| Withholding taxes | | (157,497) | (115,952) |
| **INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND NET INCOME FOR THE YEAR** | | $ 6,120,623 | $ (412,543) |
| **ATTRIBUTABLE TO:** | | | |
| **FUND SHAREHOLDERS** | | $ 6,043,467 | $ (453,908) |
| **EQUITY HOLDER OF THE FUNDS** | | 77,156 | 41,365 |
| | | $ 6,120,623 | $ (412,543) |

**SAGICOR FUNDS INCORPORATED**

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Increase/(decrease) in net assets attributable to fund shareholders from operations and net income for the year | $ 6,120,623 | $ (412,543) |
| Adjustments for: | | |
| Interest income | (3,544,306) | (3,038,749) |
| Dividend income | (1,819,006) | (1,681,799) |
| Gain on sale of investments | (3,009,770) | (3,167,091) |
| Net unrealised (gains)/losses on financial investments | (1,527,135) | 4,927,324 |
| Distributions to fund shareholders | 1,336,426 | 1,115,511 |
| | (2,443,168) | (2,257,347) |
| **Changes in operating assets and liabilities** | | |
| Due from related parties | 268,012 | 979,626 |
| Due from parent company | 793,168 | 557,271 |
| Accounts receivable | (1,356,561) | (126,179) |
| Due to related parties | (895,429) | 836,955 |
| Accounts payable | 283,985 | 531,782 |
| Net cash (used in)/from operating activities | (3,349,993) | 522,108 |
| **Cash flows from investing activities** | | |
| Purchase of financial investments | (23,197,283) | (34,796,324) |
| Net proceeds on sale of financial investments | 19,313,112 | 28,604,795 |
| Interest received | 3,153,347 | 2,424,907 |
| Dividends received | 1,819,006 | 1,681,799 |
| Net cash from/(used) in investing activities | 1,088,182 | (2,084,823) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of redeemable fund shares | 12,289,360 | 13,212,574 |
| Redemption of shares | (9,770,622) | (9,700,231) |
| Distributions paid | (1,336,426) | (1,115,511) |
| Net cash from financing activities | 1,182,312 | 2,396,832 |
| **Cash and cash equivalents - beginning of year** | 10,099,608 | 9,265,491 |
| **Cash and cash equivalents - end of year** | $ 9,020,109 | $ 10,099,608 |
| **Cash and cash equivalents:** | | |
| Cash resources | 7,460,642 | 7,460,637 |
| Deposits | 1,559,467 | 2,638,971 |
| | $ 9,020,109 | $ 10,099,608 |

**SAGICOR GLOBAL BALANCED FUND**

## BALANCE SHEET

As of December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| Due from related parties | 4 | $ 754,639 | $ 577,264 |
| Due from parent company | 4 | 131,571 | - |
| Accounts receivable | 5 | 1,003,824 | 124,110 |
| Financial investments | 6 | 75,595,953 | 75,368,874 |
| Cash resources | | 2,475,379 | 2,676,313 |
| **Total assets** | | 79,961,366 | 78,746,561 |
| **LIABILITIES** | | | |
| Due to related parties | 4 | 655,357 | 1,406,084 |
| Due to parent company | 4 | 49,384 | - |
| Accounts payable | 8 | 76,102 | 121,905 |
| **Total liabilities (excluding net assets attributable to fund shareholders)** | | 780,843 | 1,527,989 |
| **Net assets attributable to fund shareholders** | | 79,180,523 | 77,218,572 |
| **Total liabilities** | | $ 79,961,366 | $ 78,746,561 |
| No. of redeemable Sagicor Global Balanced Fund shares outstanding at end of year | | 36,084,762 | 37,287,529 |
| Net asset value per redeemable Sagicor Global Balanced Fund share at end of year | | $ 2.19 | $ 2.07 |
| Increase/(decrease) in net asset value per redeemable Sagicor Global Balanced Fund share for year | | 5.8% | -0.3% |

Approved on April 4, 2008

Chairman

Director

## SAGICOR GLOBAL BALANCED FUND

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 Number of Shares | 2007 Total $ | 2006 Number of Shares | 2006 Total $ |
|---|---|---|---|---|
| **Net assets attributable to fund shareholders at January 1** | 37,287,529 | 77,218,572 | 38,969,854 | 80,932,092 |
| Proceeds from issue of shares | 1,779,708 | 4,028,636 | 1,666,030 | 3,358,907 |
| Redemption of shares | (2,982,475) | (6,288,149) | (3,348,355) | (6,776,169) |
| Net decrease from share transactions | (1,202,767) | (2,259,513) | (1,682,325) | (3,417,262) |
| Increase/(decrease) in net assets attributable to fund shareholders from operations | | 4,221,464 | | (296,258) |
| **Net assets attributable to fund shareholders at December 31** | 36,084,762 | 79,180,523 | 37,287,529 | 77,218,572 |

**SAGICOR GLOBAL BALANCED FUND**

## STATEMENT OF INCOME

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **REVENUE** | | | |
| Interest income | 11 | $ 1,696,876 | $ 1,661,651 |
| Dividend income | | 1,296,235 | 1,219,633 |
| Net gains/(losses) on financial investments | 11 | 2,954,272 | (1,443,259) |
| | | 5,947,383 | 1,438,025 |
| **EXPENSES** | | | |
| Management fee | 12 | 1,338,135 | 1,346,859 |
| Custodian fee | 12 | 191,162 | 192,409 |
| Other expenses | | 106,777 | 124,354 |
| | | 1,636,074 | 1,663,622 |
| **INCOME/(LOSS) FROM ORDINARY ACTIVITIES** | | 4,311,309 | (225,597) |
| Withholding taxes | | (89,845) | (70,661) |
| **INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS** | | $ 4,221,464 | $ (296,258) |

**SAGICOR GLOBAL BALANCED FUND**

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Increase/(decrease) in net assets attributable to fund shareholders from operations | $ 4,221,464 | $ (296,258) |
| Adjustments for: | | |
| Interest income | (1,696,876) | (1,661,651) |
| Dividend income | (1,296,235) | (1,219,633) |
| Gain on sale of financial investments | (2,649,071) | (3,463,321) |
| Net unrealised (gains)/losses on financial investments | (394,446) | 4,889,251 |
| | (1,815,164) | (1,751,612) |
| **Changes in operating assets and liabilities** | | |
| Due from related parties | (177,375) | 2,312,675 |
| Due from parent company | (131,571) | 174,652 |
| Accounts receivable | (879,714) | (105,294) |
| Due to related parties | (750,727) | 283,103 |
| Due to parent company | 49,384 | - |
| Accounts payable | (45,803) | 36,632 |
| Net cash (used in)/from operating activities | (3,750,970) | 950,156 |
| **Cash flows from investing activities** | | |
| Purchase of financial investments | (8,143,925) | (18,470,809) |
| Net proceeds on sale of financial investments | 10,897,950 | 16,809,386 |
| Interest received | 1,750,604 | 1,355,204 |
| Dividends received | 1,296,235 | 1,219,633 |
| Net cash from investing activities | 5,800,864 | 913,414 |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 4,028,636 | 3,358,907 |
| Redemption of shares | (6,288,149) | (6,776,169) |
| Net cash used in financing activities | (2,259,513) | (3,417,262) |
| **Cash and cash equivalents - beginning of year** | 4,244,464 | 5,798,156 |
| **Cash and cash equivalents - end of year** | $ 4,034,845 | $ 4,244,464 |
| **Cash and cash equivalents:** | | |
| Cash resources | 2,475,379 | 2,676,313 |
| Deposits | 1,559,466 | 1,568,151 |
| | $ 4,034,845 | $ 4,244,464 |

**SAGICOR PREFERRED INCOME FUND**

## BALANCE SHEET

As of December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| Due from related parties | 4 | $ 418,754 | $ 502,830 |
| Accounts receivable | 5 | 500,000 | 11,507 |
| Financial investments | 6 | 22,778,735 | 19,939,233 |
| Cash resources | | 681,677 | 2,081,182 |
| **Total assets** | | 24,379,166 | 22,534,752 |
| **LIABILITIES** | | | |
| Due to related parties | 4 | 689,688 | 716,888 |
| Accounts payable | 8 | 26,144 | 31,969 |
| **Total liabilities (excluding net assets attributable to fund shareholders)** | | 715,832 | 748,857 |
| **Net assets attributable to fund shareholders** | | 23,663,334 | 21,785,895 |
| **Total liabilities** | | $ 24,379,166 | $ 22,534,752 |
| No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year | | 23,121,037 | 20,887,508 |
| Net asset value per redeemable Sagicor Preferred Income Fund share at end of year | | $ 1.02 | $ 1.04 |
| Decrease in net asset value per redeemable Sagicor Preferred Income Fund share for year | | -1.9% | -0.2% |

Approved on April 4, 2008

Chairman

Director

## SAGICOR PREFERRED INCOME FUND

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 Number of Shares | Total $ | 2006 Number of Shares | Total $ |
|---|---|---|---|---|
| **Net assets attributable to fund shareholders at January 1** | 20,887,508 | 21,785,895 | 15,380,536 | 16,077,975 |
| Proceeds from issue of shares | 3,418,535 | 3,566,068 | 6,165,638 | 6,402,929 |
| Redemption of shares | (1,185,006) | (1,226,942) | (658,666) | (678,228) |
| Net increase from share transactions | 2,233,529 | 2,339,126 | 5,506,972 | 5,724,701 |
| Decrease in net assets attributable to fund shareholders from operations | | (461,687) | | (16,781) |
| **Net assets attributable to fund shareholders at December 31** | 23,121,037 | 23,663,334 | 20,887,508 | 21,785,895 |

**SAGICOR PREFERRED INCOME FUND**

## STATEMENT OF INCOME

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **REVENUE** | | | |
| Interest income | 11 | $ 1,586,460 | $ 1,171,568 |
| Dividend income | | 26,856 | 21,761 |
| Net (losses)/gains on financial investments | 11 | (468,064) | 109,014 |
| | | 1,145,252 | 1,302,343 |
| **EXPENSES** | | | |
| Management fee | 12 | 169,173 | 133,069 |
| Custodian fee | 12 | 56,391 | 44,356 |
| Other expenses | | 9,846 | 5,296 |
| | | 235,410 | 182,721 |
| **INCOME FROM ORDINARY ACTIVITIES** | | 909,842 | 1,119,622 |
| Finance costs | | | |
| Distributions to fund shareholders | | (1,336,426) | (1,115,511) |
| Income before witholding taxes | | (426,584) | 4,111 |
| Withholding taxes | | (35,103) | (20,892) |
| **DECREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS** | | $ (461,687) | $ (16,781) |

**SAGICOR PREFERRED INCOME FUND**

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Decrease in net assets attributable to fund shareholders from operations | $ (461,687) | $ (16,781) |
| Adjustments for: | | |
| Interest income | (1,586,460) | (1,171,568) |
| Dividend income | (26,856) | (21,761) |
| Gain on sale of financial investments | (5,544) | (318,917) |
| Net unrealised losses on financial investments | 473,608 | 205,369 |
| Distributions to fund shareholders | 1,336,426 | 1,115,511 |
| | (270,513) | (208,147) |
| **Changes in operating assets and liabilities** | | |
| Due from related parties | 84,076 | (527) |
| Accounts receivable | (488,493) | (9,239) |
| Due to related parties | (27,200) | 54,999 |
| Accounts payable | (5,825) | 31,469 |
| Net cash used in operating activities | (707,955) | (131,445) |
| **Cash flows from investing activities** | | |
| Purchase of financial investments | (4,939,617) | (9,828,124) |
| Net proceeds on sale of financial investments | 2,079,242 | 5,840,558 |
| Interest received | 1,139,269 | 865,138 |
| Dividends received | 26,856 | 21,761 |
| Net cash used in investing activities | (1,694,250) | (3,100,667) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 3,566,068 | 6,402,929 |
| Redemption of shares | (1,226,942) | (678,229) |
| Distributions paid | (1,336,426) | (1,115,511) |
| Net cash from financing activities | 1,002,700 | 4,609,189 |
| **Cash and cash equivalents - beginning of year** | 2,081,182 | 704,105 |
| **Cash and cash equivalents - end of year** | $ 681,677 | $ 2,081,182 |
| **Cash and cash equivalents:** | | |
| Cash resources | $ 681,677 | $ 2,081,182 |

## SAGICOR SELECT GROWTH FUND

## BALANCE SHEET

As of December 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| Due from related parties | 4 | $ 344,763 | $ 1,374,878 |
| Accounts receivable | 5 | - | 11,646 |
| Financial investments | 6 | 26,543,620 | 21,880,979 |
| Cash resources | | 4,229,741 | 2,703,142 |
| **Total assets** | | 31,118,124 | 25,970,645 |
| LIABILITIES | | | |
| Due to related parties | 4 | 832,583 | 743,533 |
| Accounts payable | 8 | 849,696 | 514,084 |
| **Total liabilities (excluding net assets attributable to fund shareholders)** | | 1,682,279 | 1,257,617 |
| **Net assets attributable to fund shareholders** | | 29,435,845 | 24,713,028 |
| **Total liabilities** | | $ 31,118,124 | $ 25,970,645 |
| No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year | | 25,171,462 | 23,128,745 |
| Net asset value per redeemable Sagicor Select Growth Fund share at end of year | | $ 1.17 | $ 1.07 |
| Increase in net asset value per redeemable Sagicor Select Growth Fund share for year | | 9.3% | 0.0% |

Approved on April 4, 2008

Chairman

Director

## SAGICOR SELECT GROWTH FUND

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | | 2006 | |
|---|---|---|---|---|
| | Number of Shares | Total $ | Number of Shares | Total $ |
| **Net assets attributable to fund shareholders at January 1** | 23,128,745 | 24,713,028 | 22,003,392 | 23,648,992 |
| Proceeds from issue of shares | 4,091,647 | 4,694,656 | 3,267,929 | 3,450,737 |
| Redemption of shares | (2,048,930) | (2,255,532) | (2,142,576) | (2,245,832) |
| Net increase from share transactions | 2,042,717 | 2,439,124 | 1,125,353 | 1,204,905 |
| Increase/(decrease) in net assets attributable to fund shareholders from operations | | 2,283,693 | | (140,869) |
| **Net assets attributable to fund shareholders at December 31** | 25,171,462 | 29,435,845 | 23,128,745 | 24,713,028 |

**SAGICOR SELECT GROWTH FUND**

## STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

| | Notes | 2007 | 2006 |
|---|---|---|---|
| **REVENUE** | | | |
| Interest income | 11 | $ 172,368 | $ 158,522 |
| Dividend income | | 495,915 | 440,405 |
| Net gains/(losses) on financial investments | 11 | 1,961,326 | (447,851) |
| | | 2,629,609 | 151,076 |
| **EXPENSES** | | | |
| Management fee | 12 | 189,012 | 178,181 |
| Custodian fee | 12 | 63,004 | 59,394 |
| Other expenses | | 72,661 | 35,614 |
| | | 324,677 | 273,189 |
| **INCOME/(LOSS) FROM ORDINARY ACTIVITIES** | | 2,304,932 | (122,113) |
| Withholding taxes | | (21,239) | (18,756) |
| **INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS** | | $ 2,283,693 | $ (140,869) |

**SAGICOR SELECT GROWTH FUND**

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007 *(Expressed in Barbados Dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Increase/(decrease) in net assets attributable to fund shareholders from operations | $ 2,283,693 | $ (140,869) |
| Adjustments for: | | |
| Interest income | (172,368) | (158,522) |
| Dividend income | (495,915) | (440,405) |
| (Gain)/loss on sale of financial investments | (355,156) | 615,147 |
| Net unrealised gains on financial investments | (1,606,297) | (167,296) |
| | (346,043) | (291,945) |
| **Changes in operating assets and liabilities** | | |
| Due from related parties | 1,030,115 | 754,482 |
| Accounts receivable | 11,646 | (11,646) |
| Due to related parties | 89,050 | (1,030,881) |
| Accounts payable | 335,612 | 463,681 |
| Net cash from/(used) in operating activities | 1,120,380 | (116,309) |
| **Cash flows from investing activities** | | |
| Purchase of financial investments | (9,037,739) | (6,497,391) |
| Net proceeds on sale of financial investments | 6,335,919 | 5,954,851 |
| Interest received | 173,000 | 159,430 |
| Dividends received | 495,915 | 440,405 |
| Net cash (used in)/from investing activities | (2,032,905) | 57,295 |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 4,694,656 | 3,450,737 |
| Redemption of shares | (2,255,532) | (2,245,833) |
| Net cash from financing activities | 2,439,124 | 1,204,904 |
| **Net increase in cash and cash equivalents** | 1,526,599 | 1,145,890 |
| **Cash and cash equivalents - beginning of year** | 2,703,142 | 1,557,252 |
| **Cash and cash equivalents - end of year** | $ 4,229,741 | $ 2,703,142 |
| **Cash and cash equivalents comprise:** | | |
| Cash resources | $ 4,229,741 | $ 2,703,142 |

## 1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

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

On June 2, 1997, Sagicor Funds Incorporated 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 other mutual funds with growth strategies and other select securities.

Sagicor Asset Management Inc is the appointed Trustee and Manager of the Funds and administers the Funds from its offices at Sagicor Corporate Centre, Wildey, St. Michael, Barbados.

## 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

These financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Funds’ accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

(a) Amendments to IFRS

New and revised IFRSs and revised International Accounting Standards (IASs) are effective from the 2007 reporting year.

A new standard has been introduced and is as follows:

IFRS 7 Financial Instruments: Disclosures

The standards which have amendments for the 2007 reporting year are as follows:

IAS 1 Presentation of Financial Statements
IAS 32 Financial Instruments: Presentation

IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions has been withdrawn and has been superseded by IFRS 7. The disclosure requirements of IAS 32 also have been withdrawn and have been superseded by IFRS 7.

The amendments have affected the note disclosures of financial risk. The disclosures set out in note 7 reflect the new requirements.

(b) Amendments to International Financial Reporting Interpretations

The International Financial Reporting Interpretations Committee (IFRIC) has issued new or revised interpretations which are effective from the 2007 reporting year. The new interpretations are as follows:

IFRIC 7 Applying the Restatement Approach under IAS 29 (Financial Reporting in Hyperinflationary Economies)
IFRIC 8 Scope of IFRS 2 (Share-based Payment)
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 7, IFRIC 8, IFRIC 9 and IFRIC 10 have no significant effect on these financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of 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 Funds' functional and presentational 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 the income statement.

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 income 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.

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

| | December | | December | |
|---|---|---|---|---|
| | 2007 closing rate | 2007 average rate | 2006 closing rate | 2006 average rate |
| Eastern Caribbean dollar | 1.35 | 1.35 | 1.35 | 1.35 |
| Jamaica dollar | 35.30 | 34.36 | 33.74 | 32.92 |
| Trinidad & Tobago dollar | 3.15 | 3.16 | 3.11 | 3.15 |
| United States dollar | 0.50 | 0.50 | 0.50 | 0.50 |

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Financial assets

(a) Classification

The Funds classify their financial assets into two categories:

- financial assets at fair value through income;
- loans and receivables.

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

Financial assets in the category at fair value through income 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 are financial assets with fixed or determinable payments that are not quoted in an active market.

(b) Recognition and measurement

Purchases and sales of these financial investments are recognised on the trade date. Cost of purchases includes transaction costs for assets classified as loans and receivables. Interest income arising on financial investments is accrued using the effective yield method. Dividends are recorded in revenue when due.

Loans and receivables are initially recognised at fair value and are carried at amortised cost less provision for impairment.

Financial assets in the category at fair value through income are measured initially at cost and are subsequently measured at their fair value based on quoted prices or internal valuation techniques. Realised and unrealised gains and losses are recorded as investment income.

(c) 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 estimated fair values of financial assets are based on quoted bid prices of securities as at December 31 where available. In estimating the fair value of non-traded financial assets, the Funds use a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security. For non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Financial assets (cnotinued)

(d) Impaired financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount.

The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate. The carrying value of impaired financial assets is reduced by impairment losses.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in revenue.

### 2.4 Cash and cash equivalents

For the purposes of the cash flow statement, 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 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 and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield 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 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 income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Distributions

Distributions are paid twice annually to holders of redeemable Sagicor Preferred Income Fund shares.

### 2.9 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.

### 2.9 Management fee, Investment Advisory and Custodian fees (continued)

Merrill Lynch (ML) and Oppenheimer & Co (Oppenheimer) serve as consultants to the investment adviser. ML 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 Sagicor Select Growth Fund whereas Sagicor Life Inc (Sagicor) and Maduro and Curiel's Bank NV (Maduro) serve as custodians of the Sagicor Global Balanced Fund and the Sagicor Preferred Income Fund. 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.

### 2.10 Net asset value per share

The net asset value per share of each fund is calculated by dividing the net assets of the respective fund by the number of shares at year end.

### 2.11 Redeemable fund shares

The Funds issue redeemable shares which are redeemable at the holder's option and are classified as financial liabilities. The redeemable share is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the share back to the fund.

December 31, 2007 *(Expressed in Barbados Dollars)*

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting polices may have a material impact on the Funds' reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Funds' financial statements are set out below.

### 3.1 Valuation of unquoted debt securities

The Funds use internally developed models to estimate market values for unquoted debt securities. The estimated market value is based on best estimate assumptions and may vary substantially as these assumptions are varied.

### 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.

## 4. RELATED PARTY BALANCES

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

## 5. ACCOUNTS RECEIVABLE

| | 2007<br>$ | 2006<br>$ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Securities purchased receivable | 1,000,000 | - |
| Dividends receivable | - | 21,724 |
| Other | 3,824 | 102,386 |
| | 1,003,824 | 124,110 |
| **Sagicor Preferred Fund** | | |
| Securities purchased receivable | 500,000 | - |
| Other | - | 11,507 |
| | 500,000 | 11,507 |
| **Sagicor Select Growth Fund** | | |
| Other | - | 11,646 |
| Total Funds accounts receivable | 1,503,824 | 147,263 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 6. FINANCIAL INVESTMENTS

### 6.1 Analysis of financial investments

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Funds Incorporated** | **Amortised Cost** | **Amortised Cost** |
| **Loans and receivables:** | | |
| Debt securities | 1,076,000 | - |
| Deposits | - | 1,072,691 |
| | 1,076,000 | 1,072,691 |

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Global Balanced Fund** | **Fair value** | **Fair value** |
| **Securities at fair value through income:** | | |
| Debt securities | 18,836,684 | 20,472,811 |
| Equity securities | 55,180,572 | 53,465,960 |
| | 74,017,256 | 73,938,771 |
| | **Amortised Cost $** | **Amortised Cost $** |
| Loans and receivables: | | |
| Deposits | 1,578,697 | 1,430,103 |
| | 75,595,953 | 75,368,874 |

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Preferred Income Fund** | **Fair value** | **Fair value** |
| **Securities at fair value through income:** | | |
| Debt securities | 21,346,868 | 18,706,466 |
| Equity securities | 1,431,867 | 1,232,767 |
| | 22,778,735 | 19,939,233 |

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## 6. FINANCIAL INVESTMENTS (Continued)

### 6.1 Analysis of financial investments (continued)

| | 2007 $ Fair value | 2006 $ Fair value |
|---|---|---|
| **Sagicor Select Growth Fund** | | |
| **Securities at fair value through income:** | | |
| Debt securities | 1,570,716 | 2,259,106 |
| Equity securities | 24,972,904 | 19,621,873 |
| | 26,543,620 | 21,880,979 |
| **Total Funds financial investments** | 125,994,308 | 118,261,777 |

Debt securities comprise:

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Government debt securities | 12,234,169 | 13,743,193 |
| Corporate debt securities | 6,602,515 | 6,729,618 |
| | 18,836,684 | 20,472,811 |
| **Sagicor Preferred Income Fund** | | |
| Government debt securities | 13,712,890 | 9,094,413 |
| Corporate debt securities | 7,633,978 | 9,612,053 |
| | 21,346,868 | 18,706,466 |
| **Sagicor Select Growth Fund** | | |
| Government debt securities | 260,283 | - |
| Corporate debt securities | 1,310,433 | 2,259,106 |
| | 1,570,716 | 2,259,106 |

## 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 risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

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## 7. FINANCIAL RISK (continued)

### 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 Funds. Credit risks are 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.

| | 2007 | | 2006 | |
|---|---|---|---|---|
| **Sagicor Funds Incorporated** | **$** | **%** | **$** | **%** |
| Debt securities | 1,076,000 | 94 | - | - |
| Deposits | - | - | 1,072,691 | 100 |
| Cash resources | 73,847 | 6 | - | - |
| Total balance sheet exposures | 1,149,847 | 100 | 1,072,691 | 100 |

| | 2007 | | 2006 | |
|---|---|---|---|---|
| **Sagicor Global Balanced Fund** | **$** | **%** | **$** | **%** |
| Due from related parties | 754,639 | 3 | 577,264 | 2 |
| Due from parent company | 131,571 | 1 | - | - |
| Accounts receivable | 1,003,824 | 4 | 124,110 | 1 |
| Debt securities | 18,836,684 | 76 | 20,472,811 | 81 |
| Deposits | 1,578,697 | 6 | 1,430,103 | 6 |
| Cash resources | 2,475,379 | 10 | 2,676,313 | 10 |
| Total balance sheet exposures | 24,780,794 | 100 | 25,280,601 | 100 |

| | 2007 | | 2006 | |
|---|---|---|---|---|
| **Sagicor Preferred Income Fund** | **$** | **%** | **$** | **%** |
| Due from related parties | 418,754 | 2 | 502,830 | 2 |
| Accounts receivable | 500,000 | 2 | 11,507 | - |
| Debt securities | 21,346,868 | 93 | 18,706,466 | 88 |
| Cash resources | 681,677 | 3 | 2,081,182 | 10 |
| Total balance sheet exposures | 22,947,299 | 100 | 21,301,985 | 100 |

## 7. FINANCIAL RISK (continued)

### 7.1 Credit risk (continued)

| Sagicor Select Growth Fund | 2007 $ | 2007 % | 2006 $ | 2006 % |
|---|---|---|---|---|
| Due from related parties | 344,763 | 6 | 1,374,878 | 22 |
| Accounts receivable | - | - | 11,646 | - |
| Debt securities | 1,570,716 | 26 | 2,259,106 | 36 |
| Cash resources | 4,229,741 | 68 | 2,703,142 | 42 |
| Total balance sheet exposures | 6,145,220 | 100 | 6,348,772 | 100 |

The Funds' exposure to individual counterparty credit risks exceeding 2.5% of total exposures are set out below.

| Sagicor Funds Incorporated | 2007 $ | 2006 $ |
|---|---|---|
| Debt securities: | | |
| Central Bank of Barbados debenture denominated in Barbados dollars | 1,076,000 | - |
| Deposits and cash resources: | | |
| Barbados National Bank | - | 1,072,691 |
| **Sagicor Global Balanced Fund** | | |
| Debt securities: | | |
| Government of Barbados debt securities denominated in Barbados dollars (long term issue credit rating A- by Standard and Poors) | 4,140,312 | 4,397,146 |
| Government of Curacao debt securities denominated in Netherland Antilles Florins (unrated) | 3,911,225 | 4,603,575 |
| Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated) | 2,258,652 | 2,263,812 |
| Simpson Finance Limited debt securities denominated in Barbados dollars (unrated) | 1,887,024 | 1,824,740 |
| Deposits and cash resources: | | |
| National Commercial Bank Capital Markets (long term issue credit rating B by Standard and Poors) | 1,705,180 | 1,430,103 |
| Butterfield Bank (Barbados) Ltd (long term issue credit rating BBB+ by Standard and Poors) | 1,231,783 | 729,793 |
| Merrill Lynch (long term issue credit rating A+ by Standard and Poors) | 178,162 | 1,523,417 |
| FirstCaribbean International Bank (long term issue credit rating A- by Standard and Poors) | 520,227 | 90,621 |

## 7. FINANCIAL RISK (continued)

### 7.1 Credit risk (continued)

| | 2007<br>$ | 2006<br>$ |
|---|---|---|
| **Sagicor Preferred Income Fund** | | |
| Debt securities: | | |
| Government of Barbados debt securities denominated in Barbados dollars (long term issue credit rating A- by Standard and Poors) | 4,323,342 | 3,245,616 |
| Government of Curacao debt securities denominated in Netherland Antilles Florins (unrated) | 1,544,706 | 1,549,628 |
| Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated) | 2,609,252 | 2,646,815 |
| Simpson Finance Limited debt securities denominated in Barbados dollars (unrated) | 1,261,702 | 1,205,856 |
| Deposits and cash resources: | | |
| Butterfield Bank (Barbados) Ltd (long term issue credit rating BBB+ by Standard and Poors) | 681,657 | 1,652,532 |
| Oppenheimer & Co Inc. (long term issue credit rating B1 by Moody's) | 1,864 | 427,937 |
| **Sagicor Select Growth Fund** | | |
| Debt securities: | | |
| Government of Barbados debt securities denominated in Barbados dollars (long term issue credit rating A- by Standard and Poors) | 260,283 | - |
| Simpson Finance Limited debt securities denominated in Barbados dollars (unrated) | 1,310,434 | 1,256,287 |
| Deposits and cash resources: | | |
| Butterfield Bank (Barbados) Ltd (long term issue credit rating BBB+ by Standard and Poors) | 2,027,583 | 618,570 |
| Oppenheimer & Co Inc. (long term issue credit rating B1 by Moody's) | 358,535 | 708,859 |
| Merrill Lynch (long term issue credit rating A+ by Standard and Poors) | 1,843,622 | 1,375,712 |

## 7. FINANCIAL RISK (continued)

### 7.1 Credit risk (continued)

The Funds have designated certain loans and receivables as at fair value through income. An element of the change in the fair value of these financial assets is attributable to changes in credit risk.

| As of December 31, 2007 | Change in fair value $ | Attributable to credit risk $ |
|---|---|---|
| **Sagicor Global Balanced Fund** | (1,258,462) | (67,421) |
| **Sagicor Preferred Income Fund** | 497,234 | (894,868) |
| **Sagicor Select Growth Fund** | (4,030) | (14,462) |

(a) 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.

Debt securities are assessed for impairment when amounts are past due, when the borrower is experiencing cash flow difficulties, or when the borrower's credit rating has been downgraded.

There were no debt securities which were past due and impaired at the year end.

(b) Renegotiated assets

The Funds may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Funds classify these amounts as past due, unless the original agreement is formally revised, modified or substituted, in which case, the financial investment is classified as renegotiated.

There were no financial investments which were renegotiated during the year.

The Funds are exposed to daily calls on their available cash resources for redemptions and operating expenses. Liquidity risk is the exposure that the Funds may have insufficient cash resources to meet these obligations as they become due.

December 31, 2007 (Expressed in Barbados Dollars)

## 7. FINANCIAL RISK (continued)

### 7.2 Liquidity risk

(a) Financial liabilities

**Sagicor Global Balanced Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due to related parties | 655,357 | - | - | 655,357 |
| Due to parent company | 49,384 | - | - | 49,384 |
| Accounts payable | 76,102 | - | - | 76,102 |
| Net assets attributable to fund shareholders | 79,180,523 | - | - | 79,180,523 |
| Total | 79,961,366 | - | - | 79,961,366 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due to related parties | 1,406,084 | - | - | 1,406,084 |
| Accounts payable | 121,905 | - | - | 121,905 |
| Net assets attributable to fund shareholders | 77,218,572 | - | - | 77,218,572 |
| Total | 78,746,561 | - | - | 78,746,561 |

**Sagicor Preferred Income Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due to related parties | 689,688 | - | - | 689,688 |
| Accounts payable | 26,144 | - | - | 26,144 |
| Net assets attributable to fund shareholders | 23,663,334 | - | - | 23,663,334 |
| Total | 24,379,166 | - | - | 24,379,166 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due to related parties | 716,888 | - | - | 716,888 |
| Accounts payable | 31,969 | - | - | 31,969 |
| Net assets attributable to fund shareholders | 21,785,895 | - | - | 21,785,895 |
| Total | 22,534,752 | - | - | 22,534,752 |

December 31, 2007 *(Expressed in Barbados Dollars)*

**7. FINANCIAL RISK (continued)**

**7.2 Liquidity risk (continued)**

(a) Financial liabilities (continued)

**Sagicor Select Growth Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due to related parties | 832,583 | - | - | 832,583 |
| Accounts payable | 849,696 | - | - | 849,696 |
| Net assets attributable to fund shareholders | 29,435,845 | - | - | 29,435,845 |
| Total | 31,118,124 | - | - | 31,118,124 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due to related parties | 743,533 | - | - | 743,533 |
| Accounts payable | 514,084 | - | - | 514,084 |
| Net assets attributable to fund shareholders | 24,713,028 | - | - | 24,713,028 |
| Total | 25,970,645 | - | - | 25,970,645 |

(b) Financial assets

Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns. Through experience and monitoring, the Funds are able to maintain sufficient liquid resources to meet current obligations.

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 balance sheet and are analysed by their contractual maturity dates.

DECEMBER 31, 2007 (Expressed in Barbados Dollars)

## 7. FINANCIAL RISK (continued)

### 7.2 Liquidity risk (continued)

(b) Financial assets (continued)

**Sagicor Funds Incorporated**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Debt securities | - | - | 1,076,000 | 1,076,000 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Deposits | 1,072,691 | - | - | 1,072,691 |

**Sagicor Global Balanced Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due from related parties | 754,639 | - | - | 754,639 |
| Due from parent company | 131,571 | - | - | 131,571 |
| Accounts receivable | 1,003,824 | - | - | 1,003,824 |
| Debt securities | 1,278,793 | 6,136,665 | 11,421,226 | 18,836,684 |
| Deposits | 1,578,697 | - | - | 1,578,697 |
| Cash resources | 2,475,379 | - | - | 2,475,379 |
| Total | 7,222,903 | 6,136,665 | 11,421,226 | 24,780,794 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due from related parties | 577,264 | - | - | 577,264 |
| Accounts receivable | 124,110 | - | - | 124,110 |
| Debt securities | 1,580,771 | 7,484,533 | 11,407,507 | 20,472,811 |
| Deposits | 1,430,103 | - | - | 1,430,103 |
| Cash resources | 2,676,313 | - | - | 2,676,313 |
| Total | 6,388,561 | 7,484,533 | 11,407,507 | 25,280,601 |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.2 Liquidity risk (continued)

(b) Financial assets (continued)

**Sagicor Preferred Income Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due from related parties | 418,754 | - | - | 418,754 |
| Accounts receivable | 500,000 | - | - | 500,000 |
| Debt securities | 1,285,169 | 8,425,019 | 11,636,680 | 21,346,868 |
| Cash resources | 681,677 | - | - | 681,677 |
| Total | 2,885,600 | 8,425,019 | 11,636,680 | 22,947,299 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due from related parties | 502,830 | - | - | 502,830 |
| Accounts receivable | 11,507 | - | - | 11,507 |
| Debt securities | 751,963 | 8,901,797 | 9,052,706 | 18,706,466 |
| Cash resources | 2,081,182 | - | - | 2,081,182 |
| Total | 3,347,482 | 8,901,797 | 9,052,706 | 21,301,985 |

**Sagicor Select Growth Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2007 $ |
|---|---|---|---|---|
| Due from related parties | 344,763 | - | - | 344,763 |
| Debt securities | - | 260,283 | 1,310,433 | 1,570,716 |
| Cash resources | 4,229,741 | - | - | 4,229,741 |
| Total | 4,574,504 | 260,283 | 1,310,433 | 6,145,220 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Total 2006 $ |
|---|---|---|---|---|
| Due from related parties | 1,374,878 | - | - | 1,374,878 |
| Accounts receivable | 11,646 | - | - | 11,646 |
| Debt securities | 1,002,819 | - | 1,256,287 | 2,259,106 |
| Cash resources | 2,703,142 | - | - | 2,703,142 |
| Total | 5,092,485 | - | 1,256,287 | 6,348,772 |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.3 Interest rate risk

The Funds are exposed to interest rate risks. 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 Funds' financial assets and financial liabilities as disclosed in the balance sheet approximate their fair value.

The tables below summarise the exposures to interest rate risks of the Funds' financial liabilities.

**Sagicor Global Balanced Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 655,357 | 655,357 |
| Due to parent company | - | - | - | 49,384 | 49,384 |
| Accounts payable | - | - | - | 76,102 | 76,102 |
| Net assets attributable to fund shareholders | - | - | - | 79,180,523 | 79,180,523 |
| Total | - | - | - | 79,961,366 | 79,961,366 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 1,406,084 | 1,406,084 |
| Accounts payable | - | - | - | 121,905 | 121,905 |
| Net assets attributable to fund shareholders | - | - | - | 77,218,572 | 77,218,572 |
| Total | - | - | - | 78,746,561 | 78,746,561 |

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## 7. FINANCIAL RISK (continued)

### 7.3 Interest rate risk (continued)

**Sagicor Preferred Income Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 689,688 | 689,688 |
| Accounts payable | - | - | - | 26,144 | 26,144 |
| Net assets attributable to fund shareholders | - | - | - | 23,663,334 | 23,663,334 |
| Total | - | - | - | 24,379,166 | 24,379,166 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 716,888 | 716,888 |
| Accounts payable | - | - | - | 31,969 | 31,969 |
| Net assets attributable to fund shareholders | - | - | - | 21,785,895 | 21,785,895 |
| Total | - | - | - | 22,534,752 | 22,534,752 |

**Sagicor Select Growth Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 832,583 | 832,583 |
| Accounts payable | - | - | - | 849,696 | 849,696 |
| Net assets attributable to fund shareholders | - | - | - | 29,435,845 | 29,435,845 |
| Total | - | - | - | 31,118,124 | 31,118,124 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due to related parties | - | - | - | 743,533 | 743,533 |
| Accounts payable | - | - | - | 514,084 | 514,084 |
| Net assets attributable to fund shareholders | - | - | - | 24,713,028 | 24,713,028 |
| Total | - | - | - | 25,970,645 | 25,970,645 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.3 Interest rate risk (continued)

The tables below summarise the exposures to interest rate risks of the Funds' financial assets. They include assets at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

**Sagicor Funds Incorporated**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Debt securities | - | - | 1,076,000 | - | 1,076,000 |
| Cash resources | - | - | - | 73,847 | 73,847 |
| Total | - | - | 1,076,000 | 73,847 | 1,149,847 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Deposits | 1,072,691 | - | - | - | 1,072,691 |

**Sagicor Global Balanced Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 754,639 | 754,639 |
| Due from parent company | - | - | - | 131,571 | 131,571 |
| Accounts receivable | - | - | - | 1,003,824 | 1,003,824 |
| Deposits | 1,578,697 | - | - | - | 1,578,697 |
| Equity securities | - | - | - | 55,180,572 | 55,180,572 |
| Debt securities | 1,278,793 | 6,136,665 | 11,421,226 | - | 18,836,684 |
| Cash resources | 1,243,598 | - | - | 1,231,781 | 2,475,379 |
| Total | 4,101,088 | 6,136,665 | 11,421,226 | 58,302,387 | 79,961,366 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 577,264 | 577,264 |
| Accounts receivable | - | - | - | 124,110 | 124,110 |
| Debt securities | 1,580,771 | 7,484,533 | 11,407,507 | - | 20,472,811 |
| Equity securities | - | - | - | 53,465,960 | 53,465,960 |
| Deposits | 1,430,103 | - | - | - | 1,430,103 |
| Cash resources | 1,946,521 | - | - | 729,792 | 2,676,313 |
| Total | 4,957,395 | 7,484,533 | 11,407,507 | 54,897,126 | 78,746,561 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.3 Interest rate risk (continued)

**Sagicor Preferred Income Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 418,754 | 418,754 |
| Accounts receivable | - | - | - | 500,000 | 500,000 |
| Equity securities | - | - | - | 1,431,867 | 1,431,867 |
| Debt securities | 1,285,169 | 8,425,019 | 11,636,680 | - | 21,346,868 |
| Cash resources | 17,871 | - | - | 663,806 | 681,677 |
| Total | 1,303,040 | 8,425,019 | 11,636,680 | 3,014,427 | 24,379,166 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 502,830 | 502,830 |
| Accounts receivable | - | - | - | 11,507 | 11,507 |
| Equity securities | - | - | - | 1,232,767 | 1,232,767 |
| Debt securities | 751,963 | 8,901,797 | 9,052,706 | - | 18,706,466 |
| Cash resources | 496,414 | - | - | 1,584,768 | 2,081,182 |
| Total | 1,248,377 | 8,901,797 | 9,052,706 | 3,331,872 | 22,534,752 |

**Sagicor Select Growth Fund**

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2007 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 344,763 | 344,763 |
| Equity securities | - | - | - | 24,972,904 | 24,972,904 |
| Debt securities | - | 260,283 | 1,310,433 | - | 1,570,716 |
| Cash resources | 2,202,158 | - | - | 2,027,583 | 4,229,741 |
| Total | 2,202,158 | 260,283 | 1,310,433 | 27,345,250 | 31,118,124 |

| | Due within 1 year $ | Due between 1 and 5 years $ | Due after 5 years $ | Non-interest bearing $ | Total 2006 $ |
|---|---|---|---|---|---|
| Due from related parties | - | - | - | 1,374,878 | 1,374,878 |
| Accounts receivable | - | - | - | 11,646 | 11,646 |
| Equity securities | - | - | - | 19,621,873 | 19,621,873 |
| Debt securities | 1,002,819 | - | 1,256,287 | - | 2,259,106 |
| Cash resources | - | - | - | 2,703,142 | 2,703,142 |
| Total | 1,002,819 | - | 1,256,287 | 23,711,539 | 25,970,645 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.3 Interest rate risk (continued)

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

**Sagicor Funds Incorporated**

| | 2007 | 2006 |
|---|---|---|
| Debt securities | 8.5% | - |
| Deposits | - | 9.2% |

**Sagicor Global Balanced Fund**

| | 2007 | 2006 |
|---|---|---|
| Debt securities | 7% | 8.7% |
| Deposits | 11.9% | 10.9% |

**Sagicor Preferred Income Fund**

| | 2007 | 2006 |
|---|---|---|
| Debt securities | 8% | 7.5% |

**Sagicor Select Growth Fund**

| | 2007 | 2006 |
|---|---|---|
| Debt securities | 7% | 12.4% |

December 31, 2007 *(Expressed in Barbados Dollars)*

**7. FINANCIAL RISK (continued)**

**7.3 Interest rate risk (continued)**

(a) Sensitivity

The effect of an increase in interest rates to debt securities at fair value through income at balance sheet date to revenue and income from ordinary activities is as follows.

**Sagicor Global Balanced Fund**

| **As of December 31, 2007** | | **$** |
|---|---|---|
| Total debt securities at fair value through income | | 18,836,684 |
| Revenue effect and effect on income from ordinary activities of an increase in interest rates of: | 1% | (784,924) |

**Sagicor Preferred Income Fund**

| **As of December 31, 2007** | | **$** |
|---|---|---|
| Total debt securities at fair value through income | | 21,346,868 |
| Revenue effect and effect on income from ordinary activities of an increase in interest rates of: | 1% | (895,337) |

**Sagicor Select Growth Fund**

| **As of December 31, 2007** | | **$** |
|---|---|---|
| Total debt securities at fair value through income | | 1,570,716 |
| Revenue effect and effect on income from ordinary activities of an increase in interest rates of: | 1% | (63,928) |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk

The Funds are exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial assets are denominated in a number of different currencies.

Assets and liabilities at balance sheet date by currency are summarised in the following table.

**Sagicor Funds Incorporated**

| | Balances denominated in | | | | | | |
|---|---|---|---|---|---|---|---|
| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
| **ASSETS** | | | | | | | |
| Financial investments | 1,076,000 | - | - | - | - | - | 1,076,000 |
| Cash resources | 73,847 | - | - | - | - | - | 73,847 |
| **Total assets** | 1,149,847 | - | - | - | - | - | 1,149,847 |
| **LIABILITIES** | | | | | | | |
| Total liabilities | - | - | - | - | - | - | - |
| **Net position** | 1,149,847 | - | - | - | - | - | 1,149,847 |

DECEMBER 31, 2007 (Expressed in Barbados Dollars)

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Global Balanced Fund**

| | Balances denominated in | | | | | | |
|---|---|---|---|---|---|---|---|
| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
| **ASSETS** | | | | | | | |
| Due from related parties | 754,639 | - | - | - | - | - | 754,639 |
| Due from parent company | 131,571 | - | - | - | - | - | 131,571 |
| Accounts receivable | 1,003,824 | - | - | - | - | - | 1,003,824 |
| Financial investments | 30,545,649 | 7,129,471 | 3,725,594 | 3,138,385 | 26,921,243 | 4,135,611 | 75,595,953 |
| Cash resources | 2,475,379 | - | - | - | - | - | 2,475,379 |
| **Total assets** | 34,911,062 | 7,129,471 | 3,725,594 | 3,138,385 | 26,921,243 | 4,135,611 | 79,961,366 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 655,357 | - | - | - | - | - | 655,357 |
| Due to parent company | 49,384 | - | - | - | - | - | 49,384 |
| Accounts payable | 76,102 | - | - | - | - | - | 76,102 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 780,843 | - | - | - | - | - | 780,843 |
| **Net assets attributable to fund shareholders** | 34,130,219 | 7,129,471 | 3,725,594 | 3,138,385 | 26,921,243 | 4,135,611 | 79,180,523 |
| **Total liabilities** | 34,911,062 | 7,129,471 | 3,725,594 | 3,138,380 | 26,921,243 | 4,135,611 | 79,961,366 |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Global Balanced Fund**

| | Balances denominated in | | | | | | |
|---|---|---|---|---|---|---|---|
| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
| **ASSETS** | | | | | | | |
| Due from related companies | 577,264 | - | - | - | - | - | 577,264 |
| Accounts receivable | 124,110 | - | - | - | - | - | 124,110 |
| Financial investments | 32,084,703 | 7,209,426 | 3,833,952 | 3,208,721 | 24,202,658 | 4,829,414 | 75,368,874 |
| Cash resources | 2,676,313 | - | - | - | - | - | 2,676,313 |
| **Total assets** | 35,462,390 | 7,209,426 | 3,833,952 | 3,208,721 | 24,202,658 | 4,829,414 | 78,746,561 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 1,406,084 | - | - | - | - | - | 1,406,084 |
| Accounts payable | 121,905 | - | - | - | - | - | 121,905 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 1,527,989 | - | - | - | - | - | 1,527,989 |
| **Net assets attributable to fund shareholders** | 33,934,401 | 7,209,426 | 3,833,952 | 3,208,721 | 24,202,658 | 4,829,414 | 77,218,572 |
| **Total liabilities** | 35,462,390 | 7,209,426 | 3,833,952 | 3,208,721 | 24,202,658 | 4,829,414 | 78,746,561 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Preferred Income Fund**

| | Balances denominated in | | | | | | |
|---|---|---|---|---|---|---|---|
| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
| **ASSETS** | | | | | | | |
| Due from related companies | 418,754 | - | - | - | - | - | 418,754 |
| Accounts receivable | 500,000 | - | - | - | - | - | 500,000 |
| Financial i nvestments | 8,123,458 | - | - | 969,454 | 12,141,117 | 1,544,706 | 22,778,735 |
| Cash resources | 681,677 | - | - | - | - | - | 681,677 |
| **Total assets** | 9,723,889 | - | - | 969,454 | 12,141,117 | 1,544,706 | 24,379,166 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 689,688 | - | - | - | - | - | 689,688 |
| Accounts payable and accrued liabilities | 26,144 | - | - | - | - | - | 26,144 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 715,832 | - | - | - | - | - | 715,832 |
| **Net assets attributable to fund shareholders** | 9,008,057 | - | - | 969,454 | 12,141,117 | 1,544,706 | 23,663,334 |
| **Total liabilities** | 9,723,889 | - | - | 969,454 | 12,141,117 | 1,544,706 | 24,379,166 |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Preferred Income Fund**

| | Balances denominated in | | | | | | |
|---|---|---|---|---|---|---|---|
| | Barbados | Jamaica | Trinidad | EC | US | Other currencies | Total 2007 |
| | $ | $ | $ | $ | $ | $ | $ |
| **ASSETS** | | | | | | | |
| Due from related companies | 502,830 | - | - | - | - | - | 502,830 |
| Accounts receivable | 11,507 | - | - | - | - | - | 11,507 |
| Financial i nvestments | 8,214,630 | | | 1,010,547 | 9,164,428 | 1,549,628 | 19,939,233 |
| Cash resources | 2,081,182 | - | - | - | - | - | 2,081,182 |
| **Total assets** | 10,810,149 | - | - | 1,010,547 | 9,164,428 | 1,549,628 | 22,534,752 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 716,888 | - | - | - | - | - | 716,888 |
| Accounts payable | 31,969 | - | - | - | - | - | 31,969 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 748,857 | - | - | - | - | - | 748,857 |
| **Net assets attributable to fund shareholders** | 10,061,292 | - | - | 1,010,547 | 9,164,428 | 1,549,628 | 21,785,895 |
| **Total liabilities** | 10,810,149 | - | - | 1,010,547 | 9,164,428 | 1,549,628 | 22,534,752 |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Select Growth Fund**

| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Due from related companies | 344,763 | - | - | - | - | - | 344,763 |
| Financial investments | 10,449,250 | 775,263 | 917,262 | - | 14,401,845 | - | 26,543,620 |
| Cash resources | 4,229,741 | - | - | - | - | - | 4,229,741 |
| **Total assets** | 15,023,754 | 775,263 | 917,262 | - | 14,401,845 | | 31,118,124 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 832,583 | - | - | - | - | - | 832,583 |
| Accounts payable and accrued liabilities | 849,696 | - | - | - | - | - | 849,696 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 1,682,279 | - | - | - | - | - | 1,682,279 |
| **Net assets attributable to fund shareholders** | 13,341,475 | 775,263 | 917,262 | - | 14,401,845 | - | 29,435,845 |
| **Total liabilities** | 15,023,754 | 725,263 | 917,262 | - | 14,401,845 | - | 31,118,124 |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 7. FINANCIAL RISK (continued)

### 7.4 Foreign exchange risk (continued)

**Sagicor Select Growth Fund**

| | Barbados $ | Jamaica $ | Trinidad $ | EC $ | US $ | Other currencies $ | Total 2007 $ |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Due from related companies | 1,374,878 | - | - | - | - | - | 1,374,878 |
| Accounts receivable | 11,646 | - | - | - | - | - | 11,646 |
| Financial investments | 12,189,700 | 637,253 | 853,520 | - | 8,200,506 | - | 21,880,979 |
| Cash resources | 2,703,142 | - | - | - | - | - | 2,703,142 |
| **Total assets** | 16,279,366 | 637,253 | 853,520 | - | 8,200,506 | - | 25,970,645 |
| **LIABILITIES** | | | | | | | |
| Due to related parties | 743,533 | - | - | - | - | - | 743,533 |
| Accounts payable and accrued liabilities | 514,084 | - | - | - | - | - | 514,084 |
| **Total liabilities excluding net assets attributable to fund shareholders** | 1,257,617 | - | - | - | - | - | 1,257,617 |
| **Net assets attributable to fund shareholders** | 15,021,749 | 637,253 | 853,520 | - | 8,200,506 | - | 24,713,028 |
| **Total liabilities** | 16,279,366 | 637,253 | 853,520 | - | 8,200,506 | - | 25,970,645 |

December 31, 2007 (Expressed in Barbados Dollars)

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

(a) Sensitivity

The Funds are exposed to currency risk in respect of financial investments denominated in currencies whose values have noticeably fluctuated against the Barbados dollar.

The exposure to currency risk may arise in relation to the future cash flows of a financial instrument.

The most common example of this occurring in the Funds is a financial investment which is denominated in a currency other than the functional currency. In this instance, a change in currency exchange rates results in the financial investment being retranslated and the exchange gain or loss is taken to income and is included in note 11.

The currency whose value has noticeably fluctuated against the Barbados dollar (BDS) is the Jamaica dollar (JMD). The theoretical impact of the JMD on reported results is considered below.

The effects of a 5% depreciation in the JMD relative to the BDS arising from JMD financial investments as of December 31, 2007 are considered in the following tables.

**Sagicor Global Balanced Fund**

| | Balances denominated in JMD<br>$ | Effect of a 5% depreciation as of Dec 31, 2007<br>$ |
|---|---|---|
| Assets | 7,129,471 | (356,474) |

**Sagicor Select Growth Fund**

| | Balances denominated in JMD<br>$ | Effect of a 5% depreciation as of Dec 31, 2007<br>$ |
|---|---|---|
| Assets | 775,263 | (38,763) |

December 31, 2007 (Expressed in Barbados Dollars)

7. **FINANCIAL RISK (continued)**

### 7.5 Other price risk

The Funds are exposed to other price risk arising from changes in equity prices. The Funds mitigate 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.

(a) Sensitivity

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

| **Sagicor Global Balanced Fund** | **Fair value** $ | **Effect of a 5% decline at Dec 31, 2007** $ |
|---|---|---|
| Fair value through income equity securities: | | |
| Listed on Caribbean stock exchanges and markets | 32,778,182 | (1,638,909) |
| Listed on US stock exchanges and markets | 22,402,390 | (1,120,119) |
| | 55,180,572 | (2,759,028) |

| **Sagicor Preferred Income Fund** | **Fair value** $ | **Effect of a 5% decline at Dec 31, 2007** $ |
|---|---|---|
| Fair value through income equity securities: | | |
| Listed on Caribbean stock exchanges and markets | 979,275 | (48,964) |
| Listed on US stock exchanges and markets | 452,592 | (22,630) |
| | 1,431,867 | (71,594) |

| **Sagicor Select Growth Fund** | **Fair value** $ | **Effect of a 5% decline at Dec 31, 2007** $ |
|---|---|---|
| Fair value through income equity securities: | | |
| Listed on Caribbean stock exchanges and markets | 10,571,058 | (528,553) |
| Listed on US stock exchanges and markets | 14,401,846 | (720,093) |
| | 24,972,904 | (1,248,646) |

December 31, 2007 *(Expressed in Barbados Dollars)*

## 8. ACCOUNTS PAYABLE

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Redemptions payable | 31,286 | 80,315 |
| Gift certificates | 35,515 | 35,515 |
| Other | 9,301 | 6,075 |
| | 76,102 | 121,905 |
| **Sagicor Preferred Income Fund** | | |
| Distribution payable | - | 20,699 |
| Redemptions payable | 5,569 | 8,352 |
| Other | 20,575 | 2,918 |
| | 26,144 | 31,969 |
| **Sagicor Select Growth Fund** | | |
| Redemptions payable | 18,971 | 119,122 |
| Other | 830,726 | 394,962 |
| | 849,697 | 514,084 |
| Total Funds accounts payable | 951,943 | 667,958 |

## 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.

DECEMBER 31, 2007 (Expressed in Barbados Dollars)

## 10. SHARE CAPITAL

| | 2007 $ | 2006 $ |
|---|---|---|
| Common shares | | |
| Authorized | | |
| 1,000,000 common shares of no par value | | |
| Issued | | |
| 1,000,000 (2006 – 1,000,000) common shares | 1,000,000 | 1,000,000 |

## 11. INTEREST INCOME

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

(a) Interest income

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Funds Incorporated** | | |
| Debt securities | 88,602 | - |
| Deposits | - | 47,008 |
| | 88,602 | 47,008 |
| **Sagicor Global Balanced Fund** | | |
| Debt securities | 1,420,439 | 1,514,904 |
| Deposits | 276,437 | 146,747 |
| | 1,696,876 | 1,661,651 |
| **Sagicor Preferred Income Fund** | | |
| Debt securities | 1,568,124 | 1,171,568 |
| Deposits | 18,336 | - |
| | 1,586,460 | 1,171,568 |
| **Sagicor Select Growth Fund** | | |
| Debt securities | 134,540 | 158,522 |
| Deposits | 37,828 | - |
| | 172,368 | 158,522 |
| Total Funds interest income | 3,544,306 | 3,038,749 |

December 31, 2007 (Expressed in Barbados Dollars)

## 11. INTEREST INCOME (continued)

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

| | 2007 $ | 2006 $ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Debt securities | (164,622) | 33,705 |
| Equity securities | 3,208,139 | (1,459,635) |
| Foreign exchange losses | (89,245) | (17,329) |
| | 2,954,272 | (1,443,259) |
| **Sagicor Preferred Income Fund** | | |
| Debt securities | (350,480) | 45,150 |
| Equity securities | (117,584) | 68,398 |
| Foreign exchange gains/(losses) | - | (4,534) |
| | (468,064) | 109,014 |
| **Sagicor Select Growth Fund** | | |
| Debt securities | 62,238 | (5,331) |
| Equity securities | 1,899,215 | (442,520) |
| Foreign exchange losses | (127) | - |
| | 1,961,326 | (447,851) |
| Total Funds net gains/(losses) on financial investments | 4,447,534 | (1,782,096) |

DECEMBER 31, 2007 *(Expressed in Barbados Dollars)*

## 12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

| | 2007<br>$ | 2006<br>$ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Management fee | 1,338,135 | 1,346,859 |
| Custodian fee | 191,162 | 192,409 |
| **Sagicor Preferred Income Fund** | | |
| Management fee | 169,173 | 133,069 |
| Custodian fee | 56,391 | 44,356 |
| **Sagicor Select Growth Fund** | | |
| Management fee | 189,012 | 178,181 |
| Custodian fee | 63,004 | 59,394 |

(b) Shares held by related parties

Parties related to the Funds held shares in the Funds during the year as follows:

| | 2007<br>$ | 2006<br>$ |
|---|---|---|
| **Sagicor Global Balanced Fund** | | |
| Sagicor Life Inc | | |
| Number of Shares held at December 31 | 5,045,228 | 5,045,228 |
| **Sagicor Preferred Income Fund** | | |
| Sagicor Life Inc | | |
| Number of Shares held at December 31 | 1,000,000 | 1,000,000 |
| **Sagicor Select Growth Fund** | | |
| Sagicor Life Inc | | |
| Number of Shares held at December 31 | 1,000,000 | 1,000,000 |

# ASSET MANAGEMENT DEPARTMENT STAFF

| | |
|---|---|
| Keston Howell, BSc | Managing Director, Sagicor Merchant Limited |
| Gregory Hinkson, BSc, FCGA | Vice President |
| Dexter Moe, BSc, MBA, ACIS | Assistant Vice President |
| Omar Kennedy, BA, MBA | Investment Analyst |
| Sharon Headley, BSc, MBA | Treasury Analyst |
| Lesley Walker, BSc | Mutual Fund Administrator/Broker |
| Leeann Woodroffe, BSc | Mutual Fund Administrator/Broker |
| Samica Hunte, BSc | Assistant Fund Administrator |
| Leandra Doyle, BSc | Assistant Fund Administrator |
| Annette Phillips-Gay, BA | Administrative Assistant /Customer Service Representative |

# BARBADOS SALES REPRESENTATIVES

Executive Vice President & General Manager - Vince Yearwood, FCCA, MBA
Vice President Sales & Marketing - Dennis Orgill, BSc, FLMI

Gay Griffith, CLU, ChFC - Branch Manager
Douglas Johnson - Sagicor Senior Advisor
Charles Packer - Sagicor Senior Advisor
Errol Yearwood
Rommel Sobers - Sagicor Senior Advisor
Charles Ishmael
Myrna Greaves, BA - Sagicor Senior Advisor
Ralph Best - Sagicor Senior Advisor
Gertrude St. John
Wayne Campbell
Brian Porte, BSc
Wayne Alleyne - Unit Manager
Trevor Greaves, ACS - Sagicor Senior Advisor
Calvin Saul
Vallene Worrell
Moranda Alleyne
Vaughn Cozier
Kim Rock
Margaret Matthews
Caleb Welch

Adrian King - Agency Manager
Jennifer Applewhaite - Sagicor Senior Advisor
Margaret Audain, LUTCF - Sagicor Senior Advisor
Erskine Simmons
Richard Bynoe
Sandra Blunt, LUTCF
Alister Harris
Hadford Inniss, BA - Sagicor Senior Advisor
Patrick Estwick, CLU - Unit Manager
Rosalind Selby, LUTCF
Erin Walrond, LUTCF - Sagicor Senior Advisor
Rodney Brathwaite, LUTCF
Maurice Norville, BA, CLU
Simon Marshall
Kelly-Ann Butcher, BSc
Ramon Clarke, BSc (Hons)
Lana Moseley
Philip Kellman

# BARBADOS SALES REPRESENTATIVES

Suleman Nana, BA, CLU, LUTCF - Agency Manager
Patrick Hill
Andrew Mason - Sagicor Senior Advisor
Frank Odle, BSc, ChFC
John Clarke - Sagicor Senior Advisor
Jerry Griffith, CLU, LUTCF
Trevor Mapp
Claudette Walcott, ACS
Wynthrop Catwell
Reuben Brathwaite - Sagicor Senior Advisor
Nigel Harper, LUTCF
Olvin Forde, LUTCF
Andi Simon
Ryan Hall

Alvin Ward, CLU, ChFC, CFP - Branch Manager
Anthony Branch
Mark Brewster, LUTCF - Unit Manager
Ivor Lovell, LUTCF
Sophia Howard, CLU, CHFC, LUTCF - Sagicor Senior Advisor
Pamela Johnson-Cave, LUTCF
Tremayne Austin, LUTCF
Carlos Dottin, BSc (Hons)
Trevor Alleyne
Debra Wilkinson, BSc
Kimberley Skeete, BSc
John Browne
Troy Mason
Marrissa Boyce)
Malessia Catwell
Terencia Coward-Thompson

Frank Codrington - Agency Manager
June Branch
Junior Batson
Angela Greaves, LUTCF - Sagicor Senior Advisor
Merle Billy, LUTCF, ACS
Marilyn Paton-Robinson
Cheryl Stoute, LUTCF - Unit Manager
Donna Lewis
Glen Coral Jacobs, BSc (Hons), ACS
Lana Butcher, BSc
Judith Griffith
Annette Superville-Mc Clean
Denise Reid, MBA
Gregory Barnett
Cortez Smith, BSc
Kimberley Doughlin, BSc

# BARBADOS SALES REPRESENTATIVES

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Marilyn Rice-Bowen, LUTCF
Elizabeth Franklin, LUTCF
John H. Wilson, JP, LUTCF
Anderson Gibson, LUTCF
Consuella Lynch, BA, ChFC - Sagicor Senior Advisor
Margot Black
Heather Redman, LUTCF
Angela Daniel, JP
Troy Millington
Wendell Phillips
Courtney Collymore
Jacqueline Stoute
Charleston Headley
Roderick Nurse

CORPORATE & INDEPENDENT AGENTS
Patricia Gilding, CLU, ChFC - Sagicor Senior Advisor - Individual Financial Services
Lauristan Chase - Chase Insurance Services
Rommell Marshall, MP - Rommell Marshall Insurance Services
Marcus Jordan - Lamberts Ltd.
Alice Forde
Basil Jessamy
C. John Wilson
C. Shirley Clarke, CLU
Calston Evelyn
Clyde Brome , CLU
Dennis Hope
Duncan Parris
Euleen Babb
Eustace Gay
Glynn Wellington
Jeanette Lashley
John Daniel
John Springer
Ken DeSuze, FLMI
Lemuel Daniel, HIA
Lionel Edghill, JP
Lionel Hoyte
Malcolm Squires, JP - Sagicor Senior Advisor
Mervyn Brewster
Michael Ramdin, CLU, CFP
Michael Wills
Nigel Knight, CLU, FLMI
Pat Forde
Steve Burke
Vere Griffith
Winston Johnson, Snr