SAGICOR FUNDS INCORPORATED
ANNUAL REPORT 2009

Sagicor

a vibrant company committed to improving the lives of people in the communities in which we operate.

170 years ago, Sagicor was first established as a local Barbadian company. We grew quickly to become the largest financial services company in the Caribbean, and are now a truly global player with offices in Europe and the United States.

Today we offer a full range of financial services including insurance, annuities, pensions and investments.

Sagicor is:

PROGRESSIVE

seizing growth opportunities//streamlining our reporting structure

PRUDENT

protecting our balance sheet//strengthening operations

RESILIENT

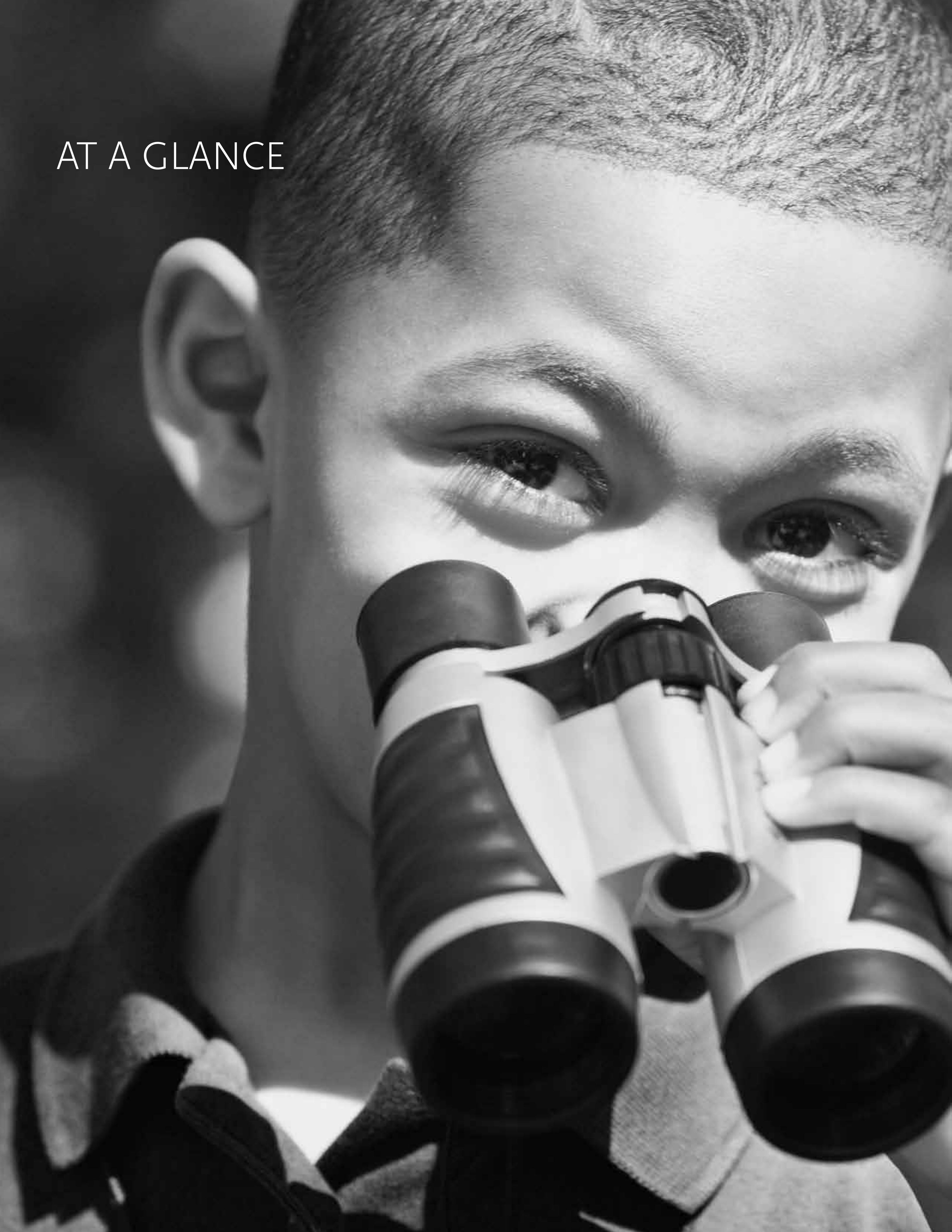
emerging successfully from a challenging economic environment

AT A GLANCE
A glance of the eye transcends speech.

OUR STORY
It takes a thousand voices to tell a single story.

OUR TEAM
Individually we are a drop. Together we are an ocean

OUR PERFORMANCE
An acre of performance is worth a whole world of promise.


AT A GLANCE

You must reflect
on the past, but keep
an eye on the future.

INVESTMENT OBJECTIVES

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

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

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Global Balanced Fund)
LAUNCH DATE:	June 2, 1997
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $100.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$2.08
NET ASSETS:	$74,838,397
MANAGEMENT FEE:	1.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers

INVESTMENT OBJECTIVES

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 with the first distribution being made on November 30, 2005. Fund shares will go ex-div on December 1st and June 1st with the first ex-div date being December 1, 2005.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Preferred Income Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.07
NET ASSETS:	$28,440,155
MANAGEMENT FEE:	0.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc. Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers

INVESTMENT OBJECTIVES

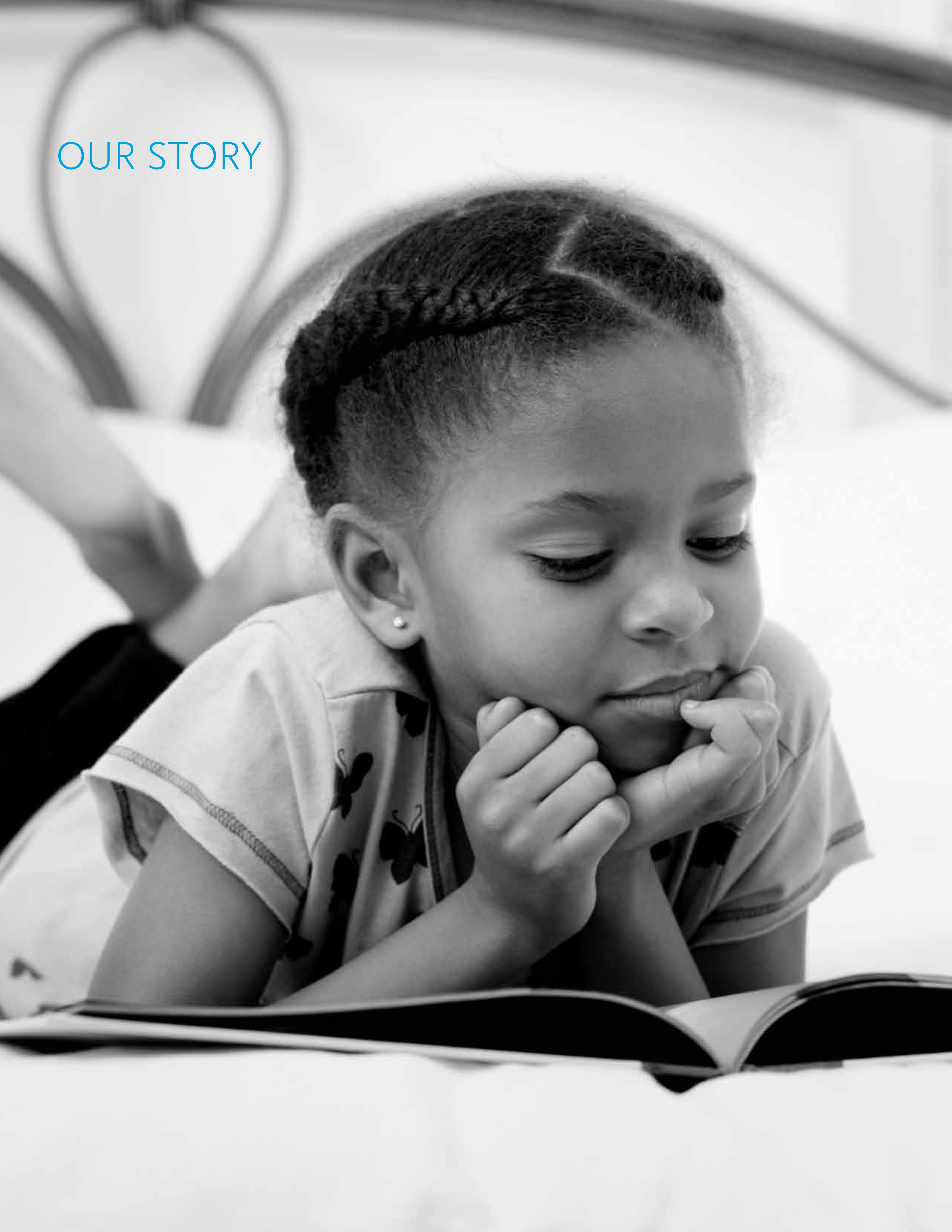
The objective of the Sagicor Select Growth Fund is to achieve an above average total return over the long term consistent with the preservation of capital through investments primarily in a diversified portfolio of securities and other mutual funds with growth strategies.

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 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.05
NET ASSETS:	$30,086,353
MANAGEMENT FEE:	0.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers

Happiness is not
so much in having
as in sharing.

OUR STORY



To accomplish great things we must not only act, but also dream; not only plan, but also believe.

DR M. PATRICIA DOWNES-GRANT

CHAIRMAN

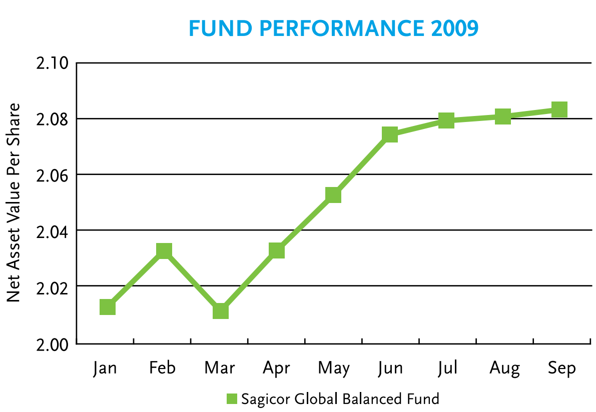
CHAIRMAN'S REPORT

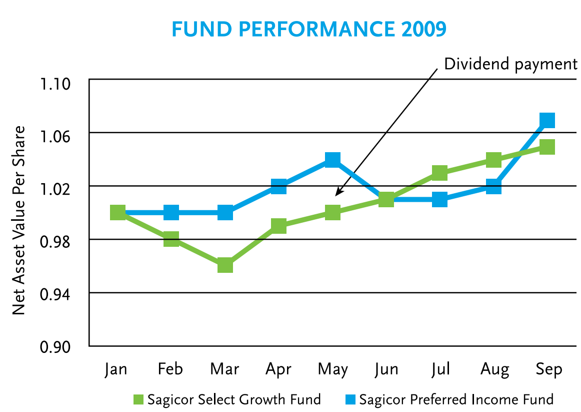
During 2009, there was a stabilization of financial markets, accompanied by a reduction in systemic risks and nascent signs of improvement following significant policy action by governments. The access to credit however remained constrained and ongoing market dysfunctions inhibited the recovery. Policy makers weighed the risk of unwinding monetary and fiscal policy actions while furthering efforts to strengthen financial intermediation and regulatory policies necessary to reform the financial landscape.

During the first nine months of 2009, the Sagicor Preferred Income Fund recorded an outstanding return of 12.2% inclusive of dividends, while the Sagicor Select Growth Fund was one of the leading growth funds with a return of 2.9%. The Sagicor Global Balanced Fund returned 3.0% during this period. The funds benefited from a diversified exposure with the international portfolios providing much of the impetus for gains in the portfolios. During the period, the recovery in developed and emerging markets resulted in a reversal of losses as markets rolled significantly amid mixed economic signals.

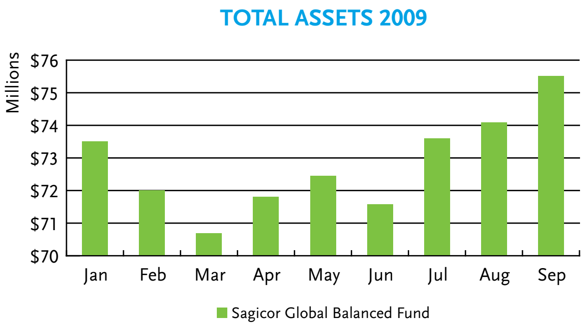
The US Federal Open Market Committee (FOMC) maintained the Federal Funds rate at a target range of 0.0% to 0.25% percent, down from 4.75% in the previous year. The FOMC anticipated that economic conditions were likely to improve for the balance of 2009 and into 2010, but insisted that interest rates may still remain low for the intermediate future.

Financial stability improved significantly during the year reflecting the decline of credit risks and the strengthening of all economic indicators. However, the risk of reversal remained significant and indicators of financial stress remained elevated at the core of the financial system and in some market segments. Macroeconomic risks receded as the economic downturn showed signs of retreating. The IMF's baseline forecast for global growth has been upwardly revised, with advanced economies expected to register positive growth in 2010, and emerging economies projected to rebound significantly.





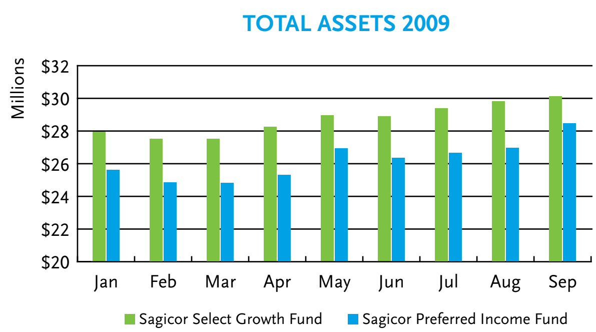
The Barbados economy experienced a decline in real economic activity of 0.7% in 2009 as the contagion effect of global economic recession hindered performance. The downturn in the economy reflected a reduction in output in the tourism and manufacturing sectors. Significant declines in construction, wholesale and retail trade led to broad-based declines during the year.



Modest growth rates in commercial bank deposit liabilities and credit were symptomatic of the slowdown in economic output during the year. Even so, the comparatively greater value of deposit accumulation relative to credit growth contributed to a build-up of liquidity within the banking system. With the build-up in liquidity, the 3-month Treasury bill rate decreased to 3.59% from 4.81% at the end of 2008. The minimum deposit rate was lowered from 4.0% to 2.5% during the year and the discount rate was reduced from 10.0% at the end of 2008 to 7.0% by the end of June.

The Trinidad and Tobago economy contracted by 5.6% in the third quarter of 2009 with activity in the energy sector declined by 3.8% and by 6.8% in the non energy sector. Within the non-energy sector, the Distribution, Construction and Manufacturing sectors registered declines of 15.8%, 0.2% and 5.6% respectively in the third quarter. Headline inflation measured 4.9% at the end of September and the 3-month Treasury bill rate declined to 1.85% in September from 2.33% a month earlier and 7.05% a year earlier. In Jamaica, the Central Bank continued to ease its monetary policy stance during the September 2009 quarter, reducing rates by 450 basis points (bps) across the full spectrum of its open market instruments.

The Barbados Stock Exchange (BSE) and the Trinidad Stock Exchange (TSE) experienced moderate decreases in 2009. The indices declined 6.2% and 6.6% respectively for the year. The Jamaica Stock Exchange (JSE) declined 0.3% for the year and was the best performing index in the region. The indices continued their negative performances throughout the balance of year while the JSE improved moderately by year end.



The performance of the Sagicor Funds compared favourably with their respective sectors during the year. The underperformance of the local and regional equity markets detracted from overall growth while the returns in the international markets buoyed the positive advance of the Funds. The Sagicor Preferred Income Fund in recording strong growth benefited from the strategic allocation and duration of its fixed income securities. Strength in fixed income valuations also helped to buttress the performance of the Balanced Fund. The decline in regional markets occurred amidst low levels of volatility but significant levels of illiquidity. In the precarious economic climate the Funds maintained a defensive position with increased holdings in cash and investment grade fixed income securities, while remaining strategically and tactically poised to take advantage of any opportunities in the markets.

On behalf of the Board of Directors, wish to thank our management, staff and advisors for their dedication and focus in this challenging environment. I extend my sincere appreciation to our shareholders for their loyalty and support.

M Patricia Downes-Grant
Chairman

INVESTMENT REPORT

There was an incipient recovery in developed economies as evidenced by moderate gains in economic activity. The housing sector showed some signs of improvement over recent months. Household spending appeared to be expanding at a moderate rate, though it remained constrained by a weak labor market, modest income growth, lower housing wealth, and tight credit. Since the first quarter of 2009, equity markets posted strong gains while corporate risk spreads declined, and spreads in interbank markets fell to levels relatively close to those prevailing before the bankruptcy of Lehman Brothers in September 2008. Businesses reduced fixed investment, though at a slower pace, and remained reluctant to add to payrolls.

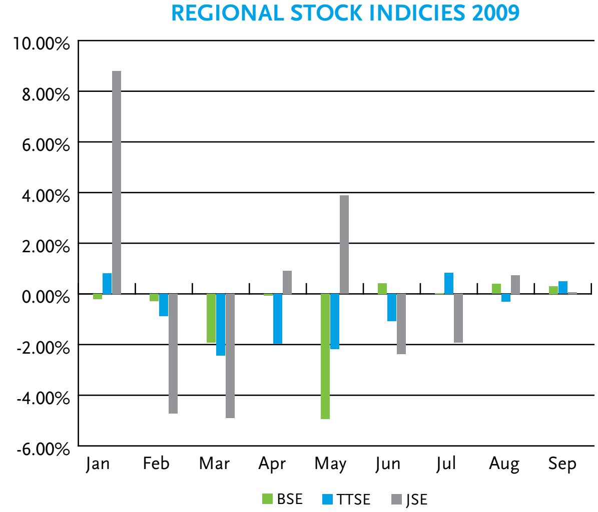
Financial market conditions became more supportive of economic growth and there was a notable reversal in the flight to quality with Investors allocating an increasing amount of funds away from government bonds in search of higher yields. Confidence in the financial sector received a fillip from better-than-expected earnings results and a series of successful bank capital raisings. Although economic activity is likely to remain weak for a time, it is anticipated that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a strengthening of economic growth and a gradual return to higher levels of resource utilization in a context of price stability.

The Federal Open Market Committee maintained the target range for the federal funds rate at 0 to 0.25% and continued to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

The Dow Jones Industrial Average increased 15.0% for the third quarter and gained 10.7% for the year ended September 30, 2009. The Standard & Poors 500 and the NASDAQ indices rallied 15.0% and 15.7% respectively in the third quarter and 17.0% and 34.6% respectively for the year to date period. Strong third quarter returns were resultant from improved financial returns in the banking sector and the stabilization of the global economy. In China, the Hang Seng index rallied 14.0% for the quarter and 45.7% for the year to date period. The Japanese Nikkei index rose marginally by 1.8% for the quarter and 14.4% for the year to date period. Strength in the international equity and the emerging economy debt markets bolstered investor sentiment and triggered third quarter rallies for traded securities. US treasuries remained depressed and interest rates on government issues continue to trade at historic lows. The Morgan Stanley Capital International (MSCI) World Index increased 22.5% in 2009 as compared with the 25.5% increase on the MSCI East Africa Far East (EAFE).

The Barbados Stock Exchange (BSE) and the Trinidad Stock Exchange (TSE) declined 6.2% and 6.6% respectively for the year to date period ended September 30, 2009. This represented a second year of decline for the indices which dropped 11.9% and 14.2% respectively in the previous year. Jamaica Stock Exchange (JSE) declined 0.3% in 2009 as compared to a decline of 25.8% in 2008. Negative earnings reports across sectors and low levels of liquidity were reported. Increasing debt, lower tourism receipts and declines in construction and the retail sectors further constricted GDP and resulted in downgrades of the country's international ratings. The decline in regional equities coincided with the rally in international equities on the major global indices.

REGIONAL STOCK INDICIES 2009



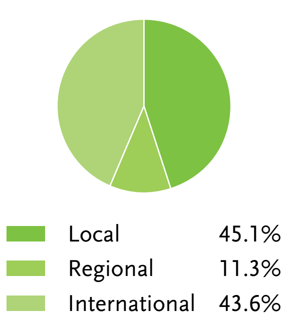
The Funds collectively had $135.5 million in assets at the end of September 2009, up 4.1% from their total assets in 2008. Net income for the Funds stood at $6.3 million for the period, with interest income accounting for 37.2% of revenues. Gains on financial instrument provided the greatest contribution to revenue in 2009. Global rallies in the international markets were the main proponents for growth for the year as the rapid action from the international community implemented fiscal and monetary policies to combat the economic crisis. Given the depth of the financial crisis and the subsequent rebound in the developed and developing markets, the Funds have been repositioned to moderate the impact of the expected increase in volatility.

The Sagicor Global Balanced Fund increased moderately by 3.0% in 2009 as compared to a loss of 7.8% in 2008. The Fund pared its exposure to equity securities cutting its allocation to 59.8% of investments, while 40.2% were attributable to fixed income securities. The net asset value of the Fund was $2.08 as at September 30, 2009. The geographical allocation for the Fund was 45.1% local securities and 11.3% regional securities. International securities accounted for 43.6% of net assets. The total assets of the Sagicor Global Balanced Fund amounted to $75.6 million at the end of the period. Net income for 2009 stood at $1.9 million as compared to a loss of $5.8 million at the end of the previous year. Interest income which remained the primary contributor to revenue for the year totaled $1.4 million for the year. The Fund was constrained by its exposure to local securities which underperformed during the period. The Fund increased its allocations to cash and near cash equivalents to limit downside risk. These deposits were deployed during the final quarter of 2009 as confidence in the markets returned.

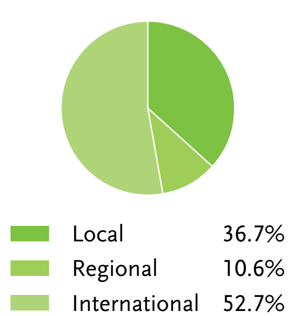
The Sagicor Select Growth Fund gained 2.9% for the period ended September 30, 2009. The net asset value at the end of last year increased to $1.05. Strength in the global markets during the year buoyed the Fund as moderate losses persisted in the regional equity markets. During the period, the Fund rebalanced the international portfolio to buttress it against the volatility pervading the market. The Fund has maintained a bias towards the equity markets. Stocks and alternative investments comprised 79.4% of assets, while 20.6% was attributable to fixed income securities. The overweight position to cash was reflective of the transitioning of the portfolio to Morgan Stanley, who are retained as our principal investment manager. The geographical allocation for the Fund was 36.7% local securities and 10.6% regional securities. International securities accounted for 52.7% of net assets. The total assets of the Fund were $30.1 million for the period ended September 30, 2009. Gains on financial instruments were the primary contributor to revenues for the Fund and totaled $489,118 for the period. Total revenues were $1.2 million for the period.

The Sagicor Preferred Income Fund recorded a gain of 12.2% inclusive of dividends in 2009, with a net asset value of $1.07 at September 30, 2009. The Fund paid a dividend of 3.0 cents per share in May and a further dividend of 3.0 cents per share in November. The yields on the bond portfolio remained competitive and the Fund benefited from a low interest rate environment that positively impacted the fair valuation of assets. Sovereign debt amounted to 68.7% of the Fund's holdings and represented the largest component of the fixed income portfolio. Credit spreads narrowed during the year indicating perceived strength in the global debt markets. This caused a moderation of the flight to quality in the debt markets and caused a general strengthening of the market values of international debt. The Fund maintained an allocation of 96.5% of assets to fixed income securities, while 3.5% were attributable to equity securities. The geographical allocation for the Fund was 48.8% local securities and 3.3% regional securities. International securities accounted for 47.9% of net assets. Total assets of the Sagicor Preferred Income Fund were $28.5 million at September 30, 2009. The Net income for the Fund was $3.2 million and gains on financial investments totaled $2.2 million for the period.

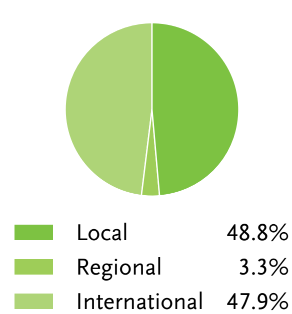
GEOGRAPHICAL ALLOCATION 2009
Sagicor Global Balanced Fund



GEOGRAPHICAL ALLOCATION 2009
Sagicor Select Growth Fund



GEOGRAPHICAL ALLOCATION 2009
Sagicor Preferred Income Fund



CONCLUSION

It is expected that the current rebound will be sluggish, credit constrained, and, for quite some time, jobless. Global growth is projected to reach about 3.0% in 2010, following a contraction in activity of about 1.0% in 2009. During 2010, global growth is forecast to average just 4.1%, appreciably less than the 5.0% growth rates in the years just ahead of the crisis. Financial and corporate restructuring will continue to exert considerable downward pressure on activity, and wide output gaps will help keep inflation at low levels. Demand is likely to be dampened by the need in many advanced economies to rebuild savings.

The sluggish recovery is most evident in financial markets, although conditions are still very difficult for many borrowers. Public intervention, low policy interest rates, and expectations for recovery have spurred strong rallies in many markets as well as a rebound in international capital flows.

Sagicor Funds Inc. remains cautiously optimistic about the global outlook for 2010 and beyond. Although the global financial crisis seems to be behind us, we will continue to be prudent in our approach as the possibility of a double-dip recession still looms on the horizon. We will continue to be proactive in managing the portfolio during these uncertain times and we remain poised to take advantage of any opportunities that we believe will enhance shareholder value.

M Patricia Downes-Grant
Chairman

Dr Grenville Phillips
Director

Successful people
build relationships
with heart.

OUR TEAM

It takes an orchestra
to play a symphony.

DIRECTORS, SECRETARY, AUDITORS and BANKERS

DIRECTORS	Dr Patricia Downes-Grant 7A Edghill Heights St Thomas, Barbados
	Donald Austin 111 Welches Terrace St Thomas, Barbados
	Chris de Caires 1 Warrens Terrace West St Thomas, Barbados
	Dr Grenville Phillips 9 Emerald Ridge Mullins St Peter, Barbados
	David Wright Annex 2A,Dayrells Heights Dayrells,St Michael, BB19190
	Keston Howell 2 La Estancia Drive Diego Martin Trinidad
	Vince Yearwood 27, 1st Ave Circular Drive Warrens Heights St Thomas, Barbados
SECRETARY	Miss Sandra Osborne 6 Lodge Hill St Michael, Barbados
AUDITORS	Ernst & Young Chartered Accountants Worthing Christ Church, Barbados
BANKERS	Butterfield Bank The Mutual Building, Broad Street Bridgetown, Barbados
REGISTERED OFFICE	Sagicor Corporate Centre Wildey St Michael, Barbados

ASSET MANAGEMENT DEPARTMENT STAFF

Keston Howell, BSc	Executive Vice President
Patricia Greenidge, CGA, ACIS, CSE	Assistant Vice President
Dexter Moe, BSc, MBA, ACIS, CFA	Assistant Vice President
Lesley Walker, BSc	Manager
Omar Kennedy, BA, MBA	Investment Analyst
Simone Simpson, BSBA, CFA	Investment Analyst
Oslyn Harding, BA	Investment Officer – Treasury
Carolina Pilgrim, BSc	Investment Officer – Treasury
Leeann Woodroffe, BSc	Mutual Fund Administrator/Broker
Samica Hunte, BSc	Assistant Fund Administrator
Annette Phillips-Gay, BA	Administrative Assistant/CSR
Lisa Ramsay, BSc	Administrative Assistant

BARBADOS SALES STAFF

Executive Vice President & General Manager - Vince Yearwood, FCCA, MBA

BRANCH MANAGERS

Gay Griffith, CLU, ChFC
Alvin Ward, CLU, ChFC, CFP (AVW Consultants Inc)

AGENCY MANAGERS

Adrian King
Colis Sealey, CLU, CFP
Frank Codrington
Suleman Nana , BA, CLU, LUTCF

UNIT MANAGERS

Brewbar Maintenance Co Ltd, LUTCF (Mark Brewster)
Cheryl Stoute, LUTCF
John H. Wilson, JP. LUTCF
Patrick Estwick, CLU
Wayne Alleyne, LUTCF

ADVISORS

Alex Ifill
Alister Harris
Allison Mottley
Anderson Gibson, LUTCF
Andi Simon
Andre Walcott
Andrew Mason (SSA)
Angela Adams-Hall
Angela Daniel, JP
Angela Greaves, LUTCF (SSA)
Annette Superville-Mc Clean
Anthony Branch
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Calvin Saul
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Denise Reid, MBA

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Richard Bynoe
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BARBADOS SALES STAFF

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Trevor Mapp
Troy Mason C125
Troy Millington
Vallene Worrell
Vaughn Cozier
Wayne Campbell
Wendell Phillips
Wendine King
Wynthrop Catwell

INCORPORATED & RETIRED ADVISORS

Alice Forde
Basil Jessamy
C. John Wilson
C. Shirley Clarke, CLU
Calston Evelyn
Clyde Brome , CLU
Dennis Hope
Duncan Parris
Edith Marshall
Euleen Babb
Eustace Gay
Glynn Wellington
Jeanette Lashley
John Daniel
John Springer
June Branch
Ken DeSuze, FLMI
Lauristan Chase (Chase Insurance Services)
Lemuel Daniel, HIA
Lincoln Waterman

BARBADOS SALES STAFF

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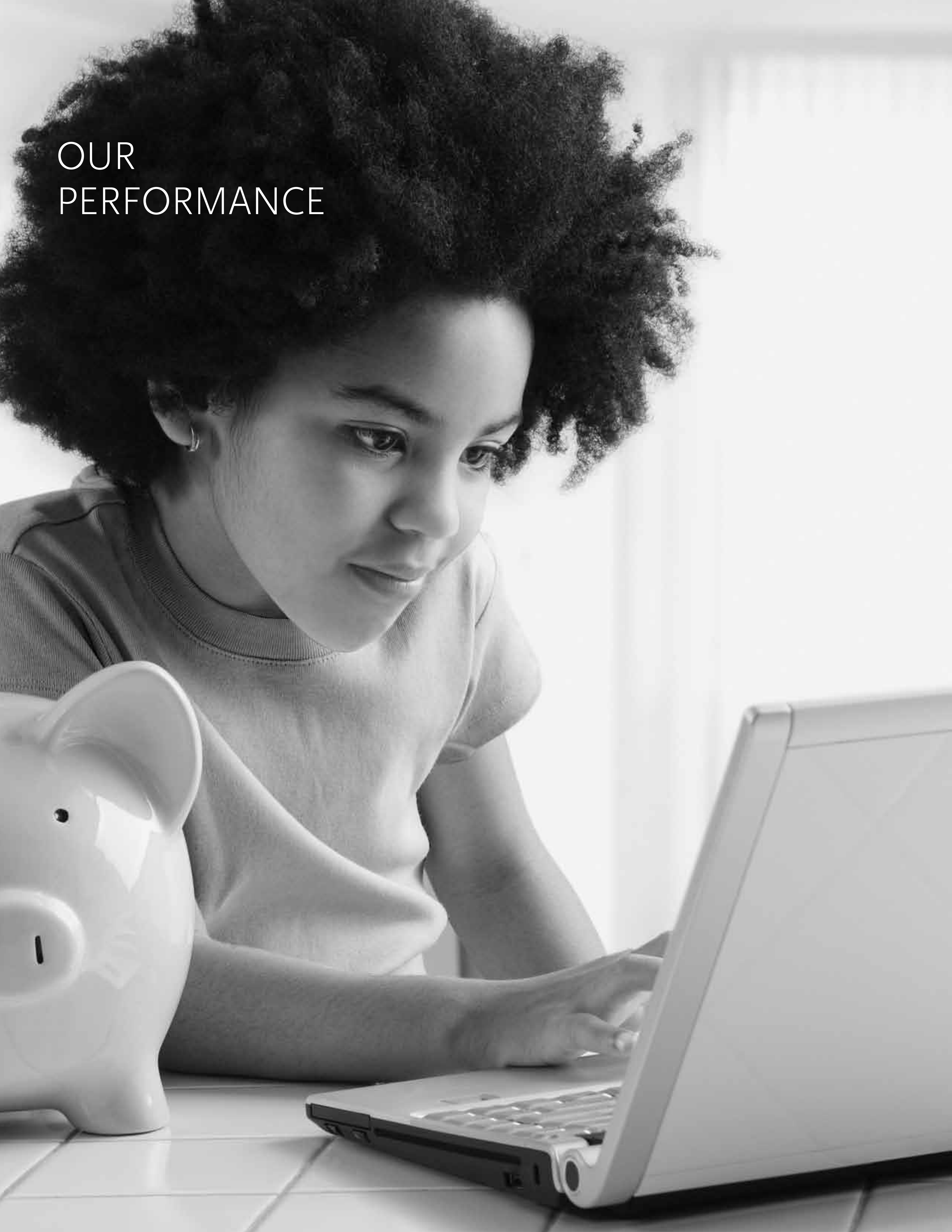
Marcus Jordan (Lamberts Ltd)
Mervyn Brewster
Michael Ramdin, CLU, CFP
Nigel Knight, CLU, FLMI
Pat Forde
Rommell Marshall (R Marshall Insurance)
Steve Burke
Vere Griffith
Winston Johnson, Snr

OTHER REGISTERED PERSONS

Ken Marshall
Anthony Kirton
Michael Wills

OUR PERFORMANCE



Success is not measured by what one brings, but rather by what one leaves.

Ernst & Young

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AUDITORS' REPORT

To the Shareholders of Sagicor Funds Incorporated

We have audited the accompanying financial statements of Sagicor Funds Incorporated (the "Funds") which comprise the balance sheet as of September 30, 2009, the statements of income, changes in equity and cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor Funds Incorporated as of September 30, 2009 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Ernst & Young

CHARTERED ACCOUNTANTS
December 31, 2009
Barbados

Balance Sheet
As of September 30, 2009
(With comparatives as of December 31, 2008)

Sagicor Funds Incorporated
Amounts expressed in Barbados Dollars

	Notes	2009	2008	January 2008
		$	$	$
ASSETS				
Due from related parties	4	85,296	-	16,465
Due from parent company	4	431,430	541,211	441,000
Accounts receivable	5	677,686	148,924	1,503,824
Financial investments	6	105,406,452	117,689,662	124,434,841
Cash and cash equivalents		28,853,613	11,780,532	9,020,109
Total assets		135,454,477	130,160,329	135,416,239
LIABILITIES				
Due to related parties	4	99,575	993,192	-
Due to parent company	4	25,954	81,715	1,034,750
Accounts payable	8	547,701	903,131	951,943
Total liabilities		673,230	1,978,038	1,986,693
EQUITY				
Common shares	10	1,000,000	1,000,000	1,000,000
Redeemable mutual fund shares	9	133,364,901	126,952,478	132,279,699
Retained earnings		415,346	229,813	149,847
Total equity		134,780,247	128,182,291	133,429,546
Total liabilities and equity		135,453,477	130,160,329	135,416,239

Approved by the Board of Directors on December 31, 2009

Chairman

Director

Amounts expressed in Barbados Dollars

	Common Shares	Redeemable Mutual Fund Shares	Retained Earnings	Total
	$	$	$	$
Balance at December 31, 2007	1,000,000	-	149,847	1,149,847
Reclassification of redeemable shares as equity (Note 2.1 (a))	-	132,279,699	-	132,279,699
As restated	1,000,000	132,279,699	149,847	133,429,546
Net (loss) income for the year	-	(10,022,483)	79,966	(9,942,517)
Distributions to shareholders	-	(1,079,589)	-	(1,079,589)
Proceeds from issue of shares	-	14,420,446	-	14,420,446
Redemption of shares	-	(8,645,595)	-	(8,645,595)
Balance at December 31, 2008	1,000,000	126,952,478	229,813	128,182,291
Net income for the period	-	6,162,078	185,533	6,347,611
Distributions to shareholders	-	(773,946)	-	(773,946)
Proceeds from issue of shares	-	8,283,482	-	8,283,482
Redemption of shares	-	(7,259,191)	-	(7,259,191)
Balance at September 30, 2009	1,000,000	133,364,901	415,346	134,780,247

Amounts expressed in Barbados Dollars

	Notes	2009	2008
		$	$
REVENUE			
Interest income	11	2,914,507	3,440,658
Dividend income		1,445,010	1,728,345
Net gains/(losses) on financial investments	11	3,470,516	(12,203,612)
		7,830,033	(7,034,609)
EXPENSES			
Management fee	12	1,256,232	1,808,586
Custodian fee	12	237,766	337,444
Other (income)/expenses		(140,878)	555,438
		1,353,120	2,701,468
INCOME/(LOSS) ON ORDINARY ACTIVITIES		6,476,913	(9,736,077)
Withholding taxes		(129,302)	(206,440)
NET INCOME/(LOSS) FOR THE PERIOD/YEAR		6,347,611	(9,942,517)
ATTRIBUTABLE TO:			
FUND SHAREHOLDERS		6,162,078	(10,022,483)
EQUITY HOLDER OF THE FUNDS		185,533	79,966
		6,347,611	(9,942,517)

Statement of Cash Flows
For the nine-month period ended September 30, 2009
(With comparatives for the year ended December 31, 2008)

Sagicor Funds Incorporated
Amounts expressed in Barbados Dollars

	2009 $	2008 $
Cash flows from operating activities		
Net income/(loss) for the period/year	6,347,611	(9,942,517)
Adjustments for:		
Interest income	(2,914,507)	(3,440,658)
Dividend income	(1,445,010)	(1,728,345)
Loss/(gain) on sale of investments	3,976,377	(6,052,599)
Net unrealised (gains)/losses on financial investments	(7,471,374)	18,253,428
	(1,506,903)	(2,910,691)
Changes in operating assets and liabilities		
Due from related parties	(85,296)	16,465
Due from parent company	109,781	(100,211)
Accounts receivable	(528,762)	1,354,900
Due to related parties	(893,617)	993,192
Due to parent company	(54,761)	(953,035)
Accounts payable	(355,430)	(48,812)
Net cash used in operating activities	(3,314,988)	(1,648,192)
Cash flows from investing activities		
Purchase of financial investments	(39,733,615)	(54,685,318)
Net proceeds on sale of financial investments	55,666,327	48,862,634
Interest received	2,760,002	3,807,692
Dividends received	1,445,010	1,728,345
Net cash from/(used in) investing activities	20,137,724	(286,647)
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	8,283,482	14,420,446
Redemption of shares	(7,259,191)	(8,645,595)
Distributions paid	(773,946)	(1,079,589)
Net cash from financing activities	250,345	4,695,262
Net increase in cash and cash equivalents c/fwd	17,073,081	2,760,423

Amounts expressed in Barbados Dollars

	2009	2008
	$	$
Net increase in cash and cash equivalents b/fwd	17,073,081	2,760,423
Cash and cash equivalents - beginning of period/year	11,780,532	9,020,109
Cash and cash equivalents - end of period/year	28,853,613	11,780,532
Cash and cash equivalents:		
Cash resources	24,987,307	7,269,134
Deposits	3,866,306	4,311,398
Treasury bills	-	200,000
	28,853,613	11,780,532

Balance Sheet
As of September 30, 2009
(With comparatives as of December 31, 2008)

Sagicor Global Balanced Fund
Amounts expressed in Barbados Dollars

	Notes	2009 $	2008 $	January 2008 $
ASSETS				
Due from related parties	4	72,676	1,303,241	754,639
Due from parent company	4	200,220	178,040	131,571
Accounts receivable	5	596,489	126,398	1,003,824
Financial investments	6	57,628,642	68,692,851	74,036,487
Cash and cash equivalents		17,053,540	5,159,654	4,034,845
Total assets		75,551,567	75,460,184	79,961,366
LIABILITIES				
Due to related parties	4	191,886	1,602,221	655,357
Due to parent company	4	15,229	47,936	49,384
Accounts payable	8	506,055	647,403	76,102
Total liabilities		713,170	2,297,560	780,843
EQUITY				
Redeemable mutual fund shares	9	74,838,397	73,162,624	79,180,523
Total liabilities and equity		75,551,567	75,460,184	79,961,366
No. of redeemable Global Balanced Fund shares outstanding at end of period/year		36,060,882	36,162,726	36,084,762
Net asset value per redeemable Sagicor Global Balanced Fund share at end of period/year		2.08	2.02	2.19
Increase/(decrease) in net asset value per redeemable Sagicor Global Balanced Fund share at end of period/year		3.0%	-7.8%	5.8%

Approved on December 31, 2009

Chairman

Director

Amounts expressed in Barbados Dollars

	2009		2008	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of period/year	36,162,726	73,162,624	-	-
Reclassification of redeemable shares as equity (Note 2.1 (a))	-	-	36,084,762	79,180,523
Restated balance	36,162,726	73,162,624	36,084,762	79,180,523
Proceeds from issue of shares	1,915,222	3,850,119	2,560,545	5,175,091
Redemption of shares	(2,017,066)	(4,062,097)	(2,482,581)	(5,415,099)
Net decrease from share transactions	(101,844)	(211,978)	77,964	(240,008)
Net income/(loss) for the period/year	-	1,887,751	-	(5,777,891)
Balance at end of period/year	36,060,882	74,838,397	36,162,726	73,162,624

Amounts expressed in Barbados Dollars

	Notes	2009 $	2008 $
REVENUE			
Interest income	11	1,360,425	1,510,448
Dividend income		957,751	1,196,066
Net gains/(losses) on financial investments	11	697,476	(6,348,210)
		3,015,652	(3,641,696)
EXPENSES			
Management fee	12	950,135	1,393,448
Custodian fee	12	135,734	199,064
Other (income)/expenses		(24,984)	421,212
		1,060,885	2,013,724
INCOME/(LOSS) ON ORDINARY ACTIVITIES		1,954,767	(5,655,420)
Withholding taxes		(67,016)	(122,471)
NET INCOME/(LOSS) FOR THE PERIOD/YEAR		1,887,751	(5,777,891)

Amounts expressed in Barbados Dollars

	2009	2008
	$	$
Cash flows from operating activities		
Net income/(loss) for the period/year	1,887,751	(5,777,891)
Adjustments for:		
Interest income	(1,360,425)	(1,510,448)
Dividend income	(957,751)	(1,196,066)
Loss/(gain) on sale of financial investments	2,322,658	(4,945,700)
Net unrealised (gains)/losses on financial investments	(3,044,615)	11,291,127
	(1,152,382)	(2,138,978)
Changes in operating assets and liabilities		
Due from related parties	1,230,565	(548,602)
Due from parent company	(22,180)	(46,469)
Accounts receivable	(470,091)	877,426
Due to related parties	(1,410,335)	946,864
Due to parent company	(32,707)	(1,448)
Accounts payable	(141,348)	571,301
Net cash used in operating activities	(1,998,478)	(339,906)
Cash flows from investing activities		
Purchase of financial investments	(13,704,158)	(34,394,152)
Net proceeds on sale of financial investments	25,541,167	33,149,957
Interest received	1,309,582	1,752,852
Dividends received	957,751	1,196,066
Net cash from investing activities	14,104,342	1,704,723
Cash flows from financing activities		
Proceeds from issue of shares	3,850,119	5,175,091
Redemption of shares	(4,062,097)	(5,415,099)
Net cash used in financing activities	(211,978)	(240,008)
Net increase in cash and cash equivalents c/fwd	11,893,886	1,124,809

Amounts expressed in Barbados Dollars

	2009	2008
	$	$
Net increase in cash and cash equivalents b/fwd	11,893,886	1,124,809
Cash and cash equivalents - beginning of period/year	5,159,654	4,034,845
Cash and cash equivalents - end of period/year	17,053,540	5,159,654
Cash and cash equivalents:		
Cash resources	15,517,859	3,308,203
Deposits	1,535,681	1,651,451
Treasury bills	-	200,000
	17,053,540	5,159,654

Balance Sheet
As of September 30, 2009
(With comparatives for the year ended December 31, 2008)

Sagicor Preferred Income Fund
Amounts expressed in Barbados Dollars

	Notes	2009 $	2008 $	January 2008 $
ASSETS				
Due from related parties	4	145,126	1,230,325	325,358
Due from parent company	4	17,428	69,325	93,396
Accounts receivable	5	41,183	-	500,000
Financial investments	6	24,908,556	22,967,755	22,778,735
Cash and cash equivalents		3,378,120	1,477,875	681,677
Total assets		28,490,413	25,745,280	24,379,166
LIABILITIES				
Due to related parties	4	25,744	672,540	675,186
Due to parent company	4	5,565	15,689	14,502
Accounts payable	8	18,949	42,910	26,144
Total liabilities		50,258	731,139	715,832
EQUITY				
Redeemable mutual fund shares	9	28,440,155	25,014,141	23,663,334
Total liabilities and equity		28,490,413	25,745,280	24,379,166
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of period/year		26,477,670	25,528,224	23,121,037
Net asset value per redeemable Sagicor Preferred Income Fund share at end of period/year		1.07	0.98	1.02
Increase/(decrease) in net asset value per redeemable Sagicor Preferred Income Fund at end of period/year		9.2%	-3.9%	-1.9%

Approved on December 31, 2009

Chairman

Director

Amounts expressed in Barbados Dollars

	2009		2008	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of period/year	25,528,224	25,014,141	-	-
Reclassification of redeemable shares as equity (Note 2.1 (a))	-	-	23,121,037	23,663,334
Restated balance	25,528,224	25,014,141	23,121,037	23,663,334
Proceeds from issue of shares	2,863,645	2,907,504	4,140,689	4,287,712
Redemption of shares	(1,914,199)	(1,929,671)	(1,733,502)	(1,778,153)
Net increase from share transactions	949,446	977,833	2,407,187	2,509,559
Net income/(loss) for the period/year	-	3,222,127	-	(79,163)
Distributions to shareholders	-	(773,946)	-	(1,079,589)
Balance at end of period/year	26,477,670	28,440,155	25,528,224	25,014,141

Amounts expressed in Barbados Dollars

	Notes	2009	2008
		$	$
REVENUE			
Interest income	11	1,254,467	1,563,542
Dividend income		22,134	25,437
Net gains/(losses) on financial investments	11	2,164,363	(1,393,505)
		3,440,964	195,474
EXPENSES			
Management fee	12	145,558	188,309
Custodian fee	12	48,519	62,770
Other income		(17,540)	(27,789)
		176,537	223,290
INCOME/(LOSS) ON ORDINARY ACTIVITIES		3,264,427	(27,816)
Withholding taxes		(42,300)	(51,347)
NET INCOME/(LOSS) FOR THE PERIOD/YEAR		3,222,127	(79,163)

Amounts expressed in Barbados Dollars

	2009 $	2008 $
Cash flows from operating activities		
Net income/(loss) for the period/year	3,222,127	(79,163)
Adjustments for:		
Interest income	(1,254,467)	(1,563,542)
Dividend income	(22,134)	(25,437)
Loss on sale of financial investments	52,278	6,548
Net unrealised (gains)/losses on financial investments	(2,216,641)	1,386,957
	(218,837)	(274,637)
Changes in operating assets and liabilities		
Due from related parties	1,085,199	(904,967)
Due from parent company	51,897	24,071
Accounts receivable	(41,183)	500,000
Due to related parties	(646,796)	(2,646)
Due to parent company	(10,124)	1,187
Accounts payable	(23,961)	16,766
Net cash from/(used in) operating activities	196,195	(640,226)
Cash flows from investing activities		
Purchase of financial investments	(5,442,726)	(3,659,047)
Net proceeds on sale of financial investments	5,708,675	1,949,312
Interest received	1,212,080	1,690,752
Dividends received	22,134	25,437
Net cash from investing activities	1,500,163	6,454
Cash flows from financing activities		
Proceeds from issue of shares	2,907,504	4,287,712
Redemption of shares	(1,929,671)	(1,778,153)
Distributions paid	(773,946)	(1,079,589)
Net cash from financing activities	203,887	1,429,970
Net increase in cash and cash equivalents c/fwd	1,900,245	796,198

Amounts expressed in Barbados Dollars

	2009	2008
	$	$
Net increase in cash and cash equivalents b/fwd	1,900,245	796,198
Cash and cash equivalents - beginning of period/year	1,477,875	681,677
Cash and cash equivalents - end of period/year	3,378,120	1,477,875
Cash and cash equivalents:		
Cash resources	1,974,221	1,477,875
Deposits	1,403,899	-
	3,378,120	1,477,875

Balance Sheet
As of September 30, 2009
(With comparatives as of December 31, 2008)

Sagicor Select Growth Fund
Amounts expressed in Barbados Dollars

	Notes	2009 $	2008 $	January 2008 $
ASSETS				
Due from related parties	4	5,733	123,542	128,780
Due from parent company	4	213,783	293,846	215,983
Accounts receivable	5	-	22,526	-
Financial investments	6	21,650,642	24,953,056	26,543,620
Cash and cash equivalents		8,265,233	4,989,191	4,229,741
Total assets		30,135,391	30,382,161	31,118,124
LIABILITIES				
Due to related parties	4	20,182	1,375,537	815,687
Due to parent company	4	6,159	18,089	16,895
Accounts payable	8	22,697	212,818	849,697
Total liabilities		49,038	1,606,444	1,682,279
EQUITY				
Redeemable mutual fund shares	9	30,086,353	28,775,717	29,435,845
Total liabilities and equity		30,135,391	30,382,161	31,118,124
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of period/year		28,535,203	28,269,244	25,171,462
Net asset value per redeemable Sagicor Select Growth Fund share at end of period/year		1.05	1.02	1.17
Increase/(decrease) in net asset value per redeemable Sagicor Select Growth Fund share at end of period/year		2.9%	-12.8%	9.3%

Approved on December 31, 2009

Chairman

Director

Amounts expressed in Barbados Dollars

	2009		2008	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of period/year	28,269,244	28,775,717	-	-
Reclassification of redeemable shares as equity (Note 2.1 (a))	-	-	25,171,462	29,435,845
Restated balance	28,269,244	28,775,717	25,171,462	29,435,845
Proceeds from issue of shares	1,523,763	1,525,859	4,399,885	4,957,642
Redemption of shares	(1,257,804)	(1,267,423)	(1,302,103)	(1,452,343)
Net increase from share transactions	265,959	258,436	3,097,782	3,505,299
Net income/(loss) for the period/year	-	1,052,200	-	(4,165,427)
Balance at end of period/year	28,535,203	30,086,353	28,269,244	28,775,717

Amounts expressed in Barbados Dollars

	Notes	2009 $	2008 $
REVENUE			
Interest income	11	227,848	275,208
Dividend income		465,125	506,843
Net gains/(losses) on financial investments	11	489,118	(4,461,897)
		1,182,091	(3,679,846)
EXPENSES			
Management fee	12	160,539	226,829
Custodian fee	12	53,513	75,610
Other (income)/expenses		(98,431)	161,953
		115,621	464,392
INCOME/(LOSS) ON ORDINARY ACTIVITIES		1,066,470	(4,144,238)
Withholding taxes		(14,270)	(21,189)
NET INCOME/(LOSS) FOR THE PERIOD/YEAR		1,052,200	(4,165,427)

Amounts expressed in Barbados Dollars

	2009 $	2008 $
Cash flows from operating activities		
Net income/(loss) for the period/year	1,052,200	(4,165,427)
Adjustments for:		
Interest income	(227,848)	(275,208)
Dividend income	(465,125)	(506,843)
Loss/(gain) on sale of financial investments	1,601,441	(1,113,447)
Net unrealised (gains)/losses on financial investments	(2,090,559)	5,575,344
	(129,891)	(485,581)
Changes in operating assets and liabilities		
Due from related parties	117,809	5,238
Due from parent company	80,063	(77,863)
Accounts receivable	22,526	(22,526)
Due to related parties	(1,355,355)	559,850
Due to parent company	(11,930)	1,194
Accounts payable	(190,121)	(636,879)
Net cash used in operating activities	(1,466,899)	(656,567)
Cash flows from investing activities		
Purchase of financial investments	(20,079,143)	(15,072,654)
Net proceeds on sale of financial investments	23,908,897	12,203,900
Interest received	189,626	272,629
Dividends received	465,125	506,843
Net cash from/(used in) investing activities	4,484,505	(2,089,282)
Cash flows from financing activities		
Proceeds from issue of shares	1,525,859	4,957,642
Redemption of shares	(1,267,423)	(1,452,343)
Net cash from financing activities	258,436	3,505,299
Net increase in cash and cash equivalents c/fwd	3,276,042	759,450

Amounts expressed in Barbados Dollars

	2009	**2008**
	$	**$**
Net increase in cash and cash equivalents b/fwd	3,276,042	759,450
Cash and cash equivalents - beginning of period/year	4,989,191	4,229,741
Cash and cash equivalents - end of period/year	8,265,233	4,989,191
Cash and cash equivalents comprise:		
Cash resources	7,338,507	2,329,245
Deposits	926,726	2,659,946
	8,265,233	4,989,191

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.

During the year, the Funds' financial year end was changed from December 31 to September 30. Therefore, these financial statements are prepared for the period from January 1, 2009 to September 30, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

(a) Adoption of new accounting policies

The Fund adopted the following amendments during the period:

Amendments to IFRS 7 – Financial Instruments Disclosures – Improving Disclosures about Financial Instruments
The amendments to IFRS 7 were issued in March 2009 and became effective for annual periods beginning on or after January 1, 2009. The Funds have adopted these amendments with effect from that date. The amendments to IFRS 7 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Adoption of new accounting policies (continued)

Amendments to IFRS 7 – Financial Instruments Disclosures – Improving Disclosures about Financial Instruments (continued)

In addition, the amendments revise the specified minimum liquidity risk disclosures including the contractual maturity of non-derivative and derivative financial liabilities, and a description of how this is managed. New disclosures are shown in Note 7.5 of these financial statements

Amendments to IAS 32 and IAS 1 – Puttable Financial Instruments
Amendments to IAS 32 and IAS 1 were issued in February 2008 and became effective for annual periods beginning on or after January 1, 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.

The Funds' redeemable mutual fund shares have all the features and meet all the conditions for classification as equity instruments during the entire reporting periods presented. As a result of the adoption of the amendments, the Funds have reclassified an amount of $133,364,901 (December 31, 2008: $126,952,478, January 1, 2008: $132,279,699) from financial liabilities to equity and reported net income for the period of $6,347,611 (2008: a loss of $9,942,517).

The net loss for the year ended December 31, 2008, previously reported as $11,022,106, was amended to $9,942,517 by adding back distributions to fund shareholders of $1,079,589 previously reported as an expense.

IAS 1(Revised) – Presentation of Financial Statements
IAS 1 (Revised) was issued in September 2007 and became effective for financial years beginning January 1, 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expenses recognized in the income statement together with all other items of recognized income and expense, either in one single statement, or in two linked statements.

The Fund does not have any components of other comprehensive income. Therefore, comprehensive income is equal to the net income/(loss) reported for all periods presented.

In accordance with paragraph 10(f) to IAS 1 (Revised) and as a result of the retrospective application of the above mentioned amendment to IAS 32, the Fund also includes a balance sheet as at January 1, 2008.

The following standards, amendments and interpretation are effective for 2009 but had no impact on the financial position or performance of the Funds:

Amendment to IFRS 2 – Share Based Payments – Vesting Conditions and Cancelations
This amendment became effective for financial years beginning on or after January 1, 2009. The standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting, which have to be taken into account to determine the fair value of the equity instruments granted.

Amendment to IAS 23 – Borrowing Costs
The main change to this standard from the revious version is the removal of the option to immediately recognize as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

Amounts expressed in Barbados Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Adoption of new accounting policies (continued)

IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amendments)
These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from the host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain as at fair value through the profit or loss.

IFRIC 12 – Service Concession Arrangements
This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements.

IFRIC 13 – Customer Loyalty Programmes
This interpretation was issued in June 2007. The interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognized as revenue over the period that the award credits are redeemed.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits.

IFRIC 16 – Hedges of Net Investment in a Foreign Operation
The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment.

(b) Future changes in accounting policies

The Funds have not early adopted the following new and revised IFRS's and IFRIC interpretations that have been published but are not yet effective, as follows:

Amendments to:

IFRS 1	First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (Amendments)
IFRS 2	Share-based Payment – Vesting Conditions and Cancellations (Amendment)
IFRS 3	Business Combinations (Revised)
IFRS 8	Operating Segments
IAS 27	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IAS 39	Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendment)
IFRIC 15	Agreement for the Construction of Real Estate

Amounts expressed in Barbados Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Future changes in accounting policies (continued)

IFRIC 17 Distributions on Non-cash Assets to Owners

IFRIC 18 Transfers of Assets from Customers

The Funds will evaluate the impact that these standards and interpretations will have on the financial statements.

(c) Improvements to IFRS

In May 2008, the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional periods for each standard. The Funds have not early adopted the amendments to those standards that are applicable to the Funds' operations.

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 8	Accounting Policies, Change in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosures of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investment in Associates
IAS 29	Financial Reporting in Hyperinflationary Economics
IAS 31	Interest in Joint Ventures
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments – Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture

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:

	September		December	
	2009	**2009**	**2008**	**2008**
	closing rate	**average rate**	**closing rate**	**average rate**
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	44.44	43.68	39.97	36.16
Trinidad & Tobago dollar	3.17	3.14	3.14	3.13
United States dollar	0.50	0.50	0.50	0.50

2.3 Financial instruments

(a) Classification

The Funds classifies 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 at fair value through income
Financial assets in the category have been so designated by management at inception since the assets form part of a managed portfolio whose performance is evaluated on a fair value basis in accordance with a documented investment strategy.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

(a) Classification (continued)

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

(b) Recognition and measurement

The Funds recognise a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Funds commit to purchase or sell the asset. Cost of purchases includes transaction costs for assets classified as loans and receivables. Interest income arising on financial assets is accrued using the effective yield method. Dividends are recorded in revenue when due.

Loans and receivables 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 re-measured at their fair value based on quoted prices or internal valuation techniques. Realised and unrealised gains and losses are recognised in the statement of income.

(c) Derecognition

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

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

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

(d) Fair value

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

(d) Fair value (continued)

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

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.

(e) Impaired financial assets

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

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

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Dividend revenue

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

2.8 Taxation

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

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

2.9 Distributions

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

2.10 Management fee, Investment Advisory and Custodian fees

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

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

2.11 Net asset value per share

The 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Redeemable fund shares

The Funds issue redeemable shares which are redeemable at the holder's option ("puttable") and are carried at the redemption amount that is payable at the balance sheet date should the holder exercise the right to put the share back to the fund. Consequently, net income/(loss) attributable to redeemable shares for each reporting period is allocated to the redeemable shareholders and retained earnings represents that portion of earnings attributable to the common shareholder.

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Funds' net assets in the event of the Funds' liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holders' rights to a pro-rata share of the Funds' net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Funds over the life of the instrument.

In addition to the instrument having all the above features, the Funds must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund, and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Fair value of financial instruments

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

Amounts expressed in Barbados Dollars

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

	2009 $	2008 $
Sagicor Funds Incorporated		
Other	40,014	-
Sagicor Global Balanced Fund		
Dividends receivable	-	4,757
Other	596,489	121,641
	596,489	126,398
Sagicor Preferred Fund		
Other	41,183	-
Sagicor Select Growth Fund		
Dividends receivable	-	20,948
Other	-	1,578
	-	22,526
Total Funds accounts receivable	677,686	148,924

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2009 $	2008 $
Sagicor Funds Incorporated		
Securities at fair value through income:		
Government debt securities	1,218,612	1,076,000
Sagicor Global Balanced Fund		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	17,358,862	18,545,120
Corporate debt securities	5,064,590	4,823,205
	22,423,452	23,368,325
Other:		
Quoted equity securities	33,580,952	31,439,728
Alternative investments	869,734	13,817,691
	34,450,686	45,257,419
Loans and receivables:		
Deposits – at cost	754,504	67,107
Total Sagicor Global Balanced Fund's financial investments	57,628,642	68,692,851

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

Sagicor Preferred Income Fund

	2009	2008
Securities at fair value through income:	**$**	**$**
Fixed income securities:		
Government debt securities	17,178,618	15,531,835
Corporate debt securities	6,110,358	6,120,915
	23,288,976	21,652,750
Other:		
Quoted equity securities	861,560	945,161
Alternative investments	-	369,844
	861,560	1,315,005
Loans and receivables:		
Corporate debt securities	758,020	-
Total Sagicor Preferred Income Fund's financial investments	24,908,556	22,967,755

Sagicor Select Growth Fund

Securities at fair value through income:		
Fixed income securities:		
Government debt securities	2,079,918	2,019,618
Corporate debt securities	1,477,105	1,331,250
	3,557,023	3,350,868
Other:		
Quoted equity securities	16,957,867	14,921,573
Alternative investments	235,323	6,680,615
	17,193,190	21,602,188
Loans and receivables:		
Deposits – at cost	900,429	-
Total Sagicor Select Growth Fund's financial investments	21,650,642	24,953,056
Total Funds financial investments	105,406,452	117,689,662

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK

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

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

7.1 Credit risk

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

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

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

	2009		2008	
	$	%	$	%
Sagicor Funds Incorporated				
Accounts receivable	40,014	3	-	-
Debt securities	1,218,612	86	1,076,000	87
Cash resources	156,720	11	153,813	13
Total balance sheet exposures	1,415,346	100	1,229,813	100
Sagicor Global Balanced Fund				
Due from related parties	72,676	-	1,303,241	4
Due from parent company	200,220	1	178,040	1
Accounts receivable	596,489	1	126,398	-
Debt securities	22,423,452	55	23,368,325	78
Deposits	754,504	2	67,107	-
Cash and cash equivalents	17,053,540	41	5,159,654	17
Total balance sheet exposures	41,100,881	100	30,202,765	100

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued

7.1 Credit risk (continued)

	2009		2008	
	$	%	$	%
Sagicor Preferred Income Fund				
Due from related parties	145,126	1	1,230,325	5
Due from parent company	17,428	-	69,325	1
Accounts receivable	41,183	-	-	-
Debt securities	24,046,996	87	21,652,750	88
Cash and cash equivalents	3,378,120	12	1,477,875	6
Total balance sheet exposures	27,628,853	100	24,430,275	100
Sagicor Select Growth Fund				
Due from related parties	5,733	-	123,542	2
Due from parent company	213,783	2	293,846	3
Accounts receivable	-	-	22,526	-
Debt securities	3,557,023	27	3,350,868	38
Deposits	900,429	7	-	-
Cash and cash equivalents	8,265,233	64	4,989,191	57
Total balance sheet exposures	12,942,201	100	8,779,973	100

7.1.1 Risk concentration of maximum exposure to credit risk

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

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

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

7. FINANCIAL RISK (continued

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

	2009 $	2008 $
Sagicor Funds Incorporated		
Debt securities:		
Government of Barbados debenture denominated in Barbados dollars (rated BBB by Standard and Poors)	1,218,612	1,076,000
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in Barbados dollars (rated BBB by Standard and Poors)	9,799,326	9,170,205
Government of Curacao debt securities denominated in Netherland Antilles Florins (unrated)	5,187,394	5,228,269
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	598,285	2,098,446
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,957,635	1,916,999
Gillani Limited debt securities denominated in Eastern Caribbean dollars (unrated)	1,536,763	1,541,382
AIC Barbados debt securities denominated in United States dollars (unrated)	1,203,326	1,239,926
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	625,159	734,629
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (long term issue credit rating A+ by Standard and Poors)	1,672,119	1,708,149
Morgan Stanley (credit rating A by Standard and Poors)	12,223,540	-
Oppenheimer & Co. Inc (unrated)	2,023,091	-
Pan Caribbean (unrated)	1,035,312	-
National Commercial Bank Capital Markets (unrated)	-	1,651,451
FirstCaribbean International Bank (unrated)	-	169,225
Scotia DBG Corporate Investments (unrated)	-	419,055
Bank of Montreal (long term issue credit rating AA- by Standard and Poors)	-	642,242
Maduro and Curiel's Bank (unrated)	-	228,235

7. FINANCIAL RISK (continued

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

	2009 $	2008 $
Sagicor Preferred Income Fund		
Debt securities:		
Government of Dominican Republic debt securities denominated in United States dollars (rated B by Standard and Poors)	649,254	389,853
Government of Barbados debt securities denominated in Barbados dollars (rated BBB by Standard and Poors)	9,211,622	6,798,365
Government of Curacao debt securities denominated in Netherland Antilles Florins (unrated)	938,733	918,884
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	2,867,075	2,436,546
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,305,090	1,278,000
Princess Juliana debt securities denominated in United States dollars (unrated)	1,610,157	1,455,541
Government of Peru debt securities denominated in United States dollars (rated BB+ by Standard and Poors)	751,151	654,485
Government of Aruba debt securities denominated in United states dollars (rated BBB+ by Standard and Poors)	625,159	734,629
Arawak Cement Company debt securities denominated in Barbados dollars (unrated)	1,399,739	1,348,549
Cap Cana SA (unrated)	758,020	214,400
Digicel Barbados Ltd. denominated in United States dollars (rated CCC+ by Standard and Poors)	1,012,126	852,058
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated A+ by Standard and Poors)	691,519	1,410,341
Oppenheimer & Co Inc. (unrated)	356,942	51,927
FirstCaribbean International Bank (unrated)	749,563	674
Morgan Stanley (rated A by Standard and Poors)	428,960	14,934
RBTT Bank (Barbados) Ltd. (rated A+ by Fitch)	1,151,137	-

2009 **2008**

7. FINANCIAL RISK (continued

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

Sagicor Preferred Income Fund (continued)

	2009	2008
	$	$
Debt securities:		
Government of Barbados debt securities - denominated in		
Barbados dollars (rated BBB by Standard and Poors)	274,224	265,609
Simpson Finance Limited - denominated in Barbados dollars (unrated)	1,359,469	1,331,250
United States Treasury note - denominated in		
United States dollars (rated AAA by Standard and Poors)	1,805,694	1,754,009
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (long term issue credit rating BBB+		
by Standard and Poors)	427,659	1,094,443
Oppenheimer & Co Inc. (long term issue credit rating B1 by Moody's)	1,595,168	238,461
Morgan Stanley (credit rating A by Standard and Poors)	5,618,994	996,340
RBTT Bank Barbados Ltd. (credit rating A+ by Fitch)	1,523,841	-

The Funds have designated some of their investments in fixed income securities 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 September 30, 2009	**Change in fair value**	**Attributable to credit risk**
	$	**$**
Sagicor Global Balanced Fund	3,044,615	(553,112)
Sagicor Preferred Income Fund	2,216,641	(1,569,625)
Sagicor Select Growth Fund	2,090,559	(41,270)

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.

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

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

7. FINANCIAL RISK (continued)

7.2 Liquidity risk

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

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

(a) Financial liabilities

An analysis of financial liabilities by remaining contract maturities for 2009 and 2008, indicate that all the Funds' financial liabilities are due within one year or payable on demand.

(b) Financial assets

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

Amounts 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 within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2009				
Accounts receivable	40,014	-	-	40,014
Debt securities	-	-	1,218,612	1,218,612
Cash and cash equivalents	156,720	-	-	156,720
Total	196,734	-	1,218,612	1,415,346
As of December 31, 2008				
Debt securities	-	-	1,076,000	1,076,000
Cash and cash equivalents	153,813	-	-	153,813
Total	153,813	-	1,076,000	1,229,813

Sagicor Global Balanced Fund

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2009				
Due from related parties	72,676	-	-	72,676
Due from parent company	200,220	-	-	200,220
Accounts receivable	596,489	-	-	596,489
Debt securities	646,133	8,998,739	12,778,580	22,423,452
Deposits	754,504	-	-	754,504
Cash and cash equivalents	17,053,540	-	-	17,053,540
Total	19,323,562	8,998,739	12,778,580	41,100,881

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.2 Liquidity risk (continued)

(b) Financial assets (continued

Sagicor Global Balanced Fund

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of December 31, 2008				
Due from related parties	1,303,241	-	-	1,303,241
Due from parent company	178,040	-	-	178,040
Accounts receivable	126,398	-	-	126,398
Debt securities	2,654,870	8,086,318	12,627,137	23,368,325
Deposits	67,107	-	-	67,107
Cash and cash equivalents	5,159,654	-	-	5,159,654
Total	9,489,310	8,086,318	12,627,137	30,202,765

Sagicor Preferred Income Fund

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2009				
Due from related parties	145,126	-	-	145,126
Due from parent company	17,428	-	-	17,428
Accounts receivable	41,183	-	-	41,183
Debt securities	1,620,389	8,085,200	14,341,407	24,046,996
Cash and cash equivalents	3,378,120	-	-	3,378,120
Total	5,202,246	8,085,200	14,341,407	27,628,853

Amounts 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 within 1 and 5 years $	Due after 5 years $	Total $
As of December 31, 2008				
Due from related parties	1,230,325	-	-	1,230,325
Due from parent company	69,325	-	-	69,325
Debt securities	907,014	10,116,058	10,629,678	21,652,750
Cash and cash equivalents	1,477,875	-	-	1,477,875
Total	3,684,539	10,116,058	10,629,678	24,430,275

Sagicor Select Growth Fund

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2009				
Due from related parties	5,733	-	-	5,733
Due from parent company	213,783	-	-	213,783
Debt securities	4,298	3,492,728	59,997	3,557,023
Deposits	900,429	-	-	900,429
Cash and cash equivalents	8,265,233	-	-	8,265,233
Total	9,389,476	3,492,728	59,997	12,942,201

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.2 Liquidity risk (continued)

(b) Financial assets (continued)

Sagicor Select Growth Fund

	Due within 1 year	Due within 1 and 5 years	Due after 5 years	Total
	$	$	$	$
As of December 31, 2008				
Due from related parties	123,542	-	-	123,542
Due from parent company	293,846	-	-	293,846
Accounts receivable	22,526	-	-	22,526
Debt securities	-	1,596,858	1,754,010	3,350,868
Cash and cash equivalents	4,989,191	-	-	4,989,191
Total	5,429,105	1,596,858	1,754,010	8,779,973

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

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

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(a) Financial liabilities

All the Fund's financial liabilities are non-interest bearing for 2009 and 2008.

(b) Financial assets

The table below summarises the exposures to interest rate risks of the Funds' financial assets. It includes assets at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Sagicor Funds Incorporated

	Interest bearing				
	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Non-interest bearing $	Total $
As of September 30, 2009					
Accounts receivable	-	-	-	40,014	40,014
Debt securities	-	-	1,218,612	-	1,218,612
Cash and cash equivalents	-	-	-	156,720	156,720
Total	-	-	1,218,612	196,734	1,415,346
As of December 31, 2008					
Debt securities	-	-	1,076,000	-	1,076,000
Cash and cash equivalents	-	-	-	153,813	153,813
Total	-	-	1,076,000	153,813	1,229,813

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(b) Financial assets (continued

Sagicor Global Balanced Fund

	Interest bearing				
	Due within 1 year $	**Due within 1 and 5 years $**	**Due after 5 years $**	**Non-interest bearing $**	**Total $**
As of September 30, 2009					
Due from related parties	-	-	-	72,676	72,676
Due from parent company	-	-	-	200,220	200,220
Accounts receivable	-	-	-	596,489	596,489
Deposits	754,504	-	-	-	754,504
Equity securities	-	-	-	34,450,686	34,450,686
Debt securities	646,133	8,998,739	12,778,580	-	22,423,452
Cash and cash equivalents	15,963,919	-	-	1,089,621	17,053,540
Total	17,364,556	8,998,739	12,778,580	36,409,692	75,551,567
As of December 31, 2008					
Due from related parties	-	-	-	1,303,241	1,303,241
Due from parent company	-	-	-	178,040	178,040
Accounts receivable	-	-	-	126,398	126,398
Deposits	67,107	-	-	-	67,107
Equity securities	-	-	-	45,257,419	45,257,419
Debt securities	2,654,870	8,086,318	12,627,137	-	23,368,325
Cash and cash equivalents	2,640,008	-	-	2,519,646	5,159,654
Total	5,361,985	8,086,318	12,627,137	49,384,744	75,460,184

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(b) Financial assets (continued

Sagicor Preferred Income Fund

	Interest bearing				
	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Non-interest bearing $	Total $
As of September 30, 2009					
Due from related parties	-	-	-	145,126	145,126
Due from parent company	-	-	-	17,428	17,428
Accounts receivable	-	-	-	41,183	41,183
Equity securities	-	-	-	861,560	861,560
Debt securities	1,620,389	8,085,200	14,341,407	-	24,046,996
Cash and cash equivalents	2,189,801	-	-	1,188,319	3,378,120
Total	3,810,190	8,085,200	14,341,407	2,253,616	28,490,413
As of December 31, 2008					
Due from related parties	-	-	-	1,230,325	1,230,325
Due from parent company	-	-	-	69,325	69,325
Equity securities	-	-	-	1,315,005	1,315,005
Debt securities	907,014	10,116,058	10,629,678	-	21,652,750
Cash and cash equivalents	66,860	-	-	1,411,015	1,477,875
Total	973,874	10,116,058	10,629,678	4,025,670	25,745,280

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(b) Financial assets (continued

Sagicor Select Growth Fund

Interest bearing

	Interest bearing				
	Due within 1 year $	**Due within 1 and 5 years $**	**Due after 5 years $**	**Non-interest bearing $**	**Total $**
As of September 30, 2009					
Due from related parties	-	-	-	5,733	5,733
Due from parent company	-	-	-	213,783	213,783
Deposits	900,429	-	-	-	900,429
Equity securities	-	-	-	17,193,190	17,193,190
Debt securities	4,298	3,492,728	59,997	-	3,557,023
Cash and cash equivalents	8,140,889	-	-	124,344	8,265,233
Total	9,045,616	3,492,728	59,997	17,537,050	30,135,391
As of December 31, 2008					
Due from related parties	-	-	-	123,542	123,542
Due from parent company	-	-	-	293,846	293,846
Accounts receivable	-	-	-	22,526	22,526
Equity securities	-	-	-	21,602,188	21,602,188
Debt securities	-	1,596,858	1,754,010	-	3,350,868
Cash and cash equivalents	3,894,748	-	-	1,094,443	4,989,191
Total	3,894,748	1,596,858	1,754,010	23,136,545	30,382,161

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(b) Financial assets (continued

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

	2009	2008
Sagicor Funds Incorporated		
Debt securities	6.5%	8.9%
Sagicor Global Balanced Fund		
Debt securities	5.3%	7.2%
Deposits	9.5%	1.8%
Sagicor Preferred Income Fund		
Debt securities	5.6%	7.4%
Sagicor Select Growth Fund		
Debt securities	4.4%	4.9%
Deposits	3.5%	6.3%

Sensitivity

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

	2009 $	2008 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through income	22,423,452	23,368,325
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(701,705)	(1,235,593)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

Sensitivity (continued

	2009	2008
	$	$
Sagicor Preferred Income Fund		
Total debt securities at fair value through income	24,046,996	21,652,750
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(770,022)	(892,650)
Sagicor Select Growth Fund		
Total debt securities at fair value through income	3,557,023	3,350,868
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(45,784)	(136,774)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Funds invest in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Funds' assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Funds will necessarily be subject to foreign exchange risk.

Concentration of foreign currency exposure

The tables below sets out the Funds' exposure to foreign currency exchange rates of the monetary assets and liabilities at the reporting date.

Sagicor Funds Incorporated

	Balances denominated in						
	Barbados	Jamaica	Trinidad	EC	US	Other currencies	Total 2009
	$	$	$	$	$	$	$
As of September 30, 2009							
ASSETS							
Accounts receivables	40,014	-	-	-	-	-	40,014
Financial investments	1,218,612	-	-	-	-	-	1,218,612
Cash and cash equivalents	156,720	-	-	-	-	-	156,720
Net position	1,415,346	-	-	-	-	-	1,415,346
As of December 31, 2008							
ASSETS							
Financial investments	1,076,000	-	-	-	-	-	1,076,000
Cash and cash equivalents	153,813	-	-	-	-	-	153,813
Net position	1,229,813	-	-	-	-	-	1,229,813

Amounts 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
	$	$	$	$	$	$	$
As of September 30, 2009							
ASSETS							
Due from related parties	72,676	-	-	-	-	-	72,676
Due from parent company	200,220	-	-	-	-	-	200,220
Accounts receivable	32,861	-	-	554,815	8,813	-	596,489
Financial investments	33,329,425	3,814,902	1,823,052	2,038,440	11,229,756	5,393,067	57,628,642
Cash and cash equivalents	865,850	-	-	205,197	15,801,445	181,048	17,053,540
Total assets	34,501,032	3,814,902	1,823,052	2,798,452	27,040,014	5,574,115	75,551,567
LIABILITIES							
Due to related parties	191,886	-	-	-	-	-	191,886
Due to parent company	15,229	-	-	-	-	-	15,229
Accounts payable	506,055	-	-	-	-	-	506,055
Total liabilities	713,170	-	-	-	-	-	713,170
Net assets attributable to fund shareholders	33,787,862	3,814,902	1,823,052	2,798,452	27,040,014	5,574,115	74,838,397

Amounts 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
	$	$	$	$	$	$	$
As of December 31, 2008							
ASSETS							
Due from related parties	1,303,241	-	-	-	-	-	1,303,241
Due from parent company	178,040	-	-	-	-	-	178,040
Accounts receivable	126,398	-	-	-	-	-	126,398
Financial investments	33,260,874	3,706,804	1,824,492	2,710,989	21,750,353	5,439,339	68,692,851
Cash and cash equivalents	1,261,289	1,651,452	-	169,255	1,849,423	228,235	5,159,654
Total assets	36,129,842	5,358,256	1,824,492	2,880,244	23,599,776	5,667,574	75,460,184
LIABILITIES							
Due to related parties	1,602,221	-	-	-	-	-	1,602,221
Due to parent company	47,936	-	-	-	-	-	47,936
Accounts payable	647,403	-	-	-	-	-	647,403
Total liabilities	2,297,560	-	-	-	-	-	2,297,560
Net assets attributable to fund shareholders	33,832,282	5,358,256	1,824,492	2,880,244	23,599,776	5,667,574	73,162,624

Amounts 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**
	$	**$**	**$**	**$**	**$**	**$**	**$**
As of 30 September 2009							
ASSETS							
Due from related parties	145,126	-	-	-	-	-	145,126
Due from parent company	17,428	-	-	-	-	-	17,428
Accounts receivable	9,921	-	-	-	31,262	-	41,183
Financial investments	11,916,491	-	-	176,751	11,876,581	938,733	24,908,556
Cash and cash equivalents	1,842,656	-	-	749,563	785,901	-	3,378,120
Total assets	13,931,622	-	-	926,314	12,693,744	938,733	28,490,413
LIABILITIES							
Due to related parties	25,744	-	-	-	-	-	25,744
Due to parent company	5,565	-	-	-	-	-	5,565
Accounts payable	18,949	-	-	-	-	-	18,949
Total liabilities	50,258	-	-	-	-	-	50,258
Net assets attributable to fund shareholders	13,881,364	-	-	926,314	12,693,744	938,733	28,440,155

Amounts 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
	$	$	$	$	$	$	$
As of 31 December 2008							
ASSETS							
Due from related parties	1,230,325	-	-	-	-	-	1,230,325
Due from parent company	69,325	-	-	-	-	-	69,325
Financial investments	10,370,076	-	-	857,571	10,821,224	918,884	22,967,755
Cash and cash equivalents	1,477,875	-	-	-	-	-	1,477,875
Total assets	13,147,601	-	-	857,571	10,821,224	918,884	25,745,280
LIABILITIES							
Due to related parties	672,540	-	-	-	-	-	672,540
Due to parent company	15,689	-	-	-	-	-	15,689
Accounts payable	42,910	-	-	-	-	-	42,910
Total liabilities	731,139	-	-	-	-	-	731,139
Net assets attributable to fund shareholders	12,416,462	-	-	857,571	10,821,224	918,884	25,014,141

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

Sagicor Select Growth Fund

	Balances denominated in						
	Barbados	Jamaica	Trinidad	EC	US	Other currencies	Total
	$	$	$	$	$	$	$
As of 30 September 2009							
ASSETS							
Due from related parties	5,733	-	-	-	-	-	5,733
Due from parent company	213,783	-	-	-	-	-	213,783
Financial investments	9,806,906	-	3,182,515	-	8,661,221	-	21,650,642
Cash and cash equivalents	1,051,071	-	-	-	7,214,162	-	8,265,233
Total assets	11,077,493	-	3,182,515	-	15,875,383	-	30,135,391
LIABILITIES							
Due to related parties	20,182	-	-	-	-	-	20,182
Due to parent company	6,159	-	-	-	-	-	6,159
Accounts payable	22,697	-	-	-	-	-	22,697
Total liabilities	49,038	-	-	-	-	-	49,038
Net assets attributable to fund shareholders	11,028,455	-	3,182,515	-	15,875,383	-	30,086,353

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

Sagicor Select Growth Fund

	Balances denominated in						
	Barbados	**Jamaica**	**Trinidad**	**EC**	**US**	**Other currencies**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
As of 31 December 2008							
ASSETS							
Due from related parties	123,542	-	-	-	-	-	123,542
Due from parent company	293,846	-	-	-	-	-	293,846
Accounts receivable	22,526	-	-	-	-	-	22,526
Financial investments	9,435,909	-	3,131,148	-	12,385,999	-	24,953,056
Cash and cash equivalents	3,754,389	-	-	-	1,234,802	-	4,989,191
Total assets	13,630,212	-	3,131,148	-	13,620,801	-	30,382,161
LIABILITIES							
Due to related parties	1,375,537	-	-	-	-	-	1,375,537
Due to parent company	18,089	-	-	-	-	-	18,089
Accounts payable	212,818	-	-	-	-	-	212,818
Total liabilities	1,606,444	-	-	-	-	-	1,606,444
Net assets attributable to fund shareholders	12,023,768	-	3,131,148	-	13,620,801	-	28,775,717

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

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 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 September 30, 2009 are considered in the following table.

Sagicor Global Balanced Fund

	2009	**2008**
	$	**$**
Financial investments denominated in JMD	3,814,902	5,358,256
Effect of a 5% depreciation as of September 30	(190,745)	(267,912)

Amounts 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. Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities. The Fund manages this risk by holding a diversified portfolio.

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

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

	2009		2008	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Sagicor Global Balanced Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	26,455,914	(1,322,796)	28,177,094	(1,408,855)
Listed on US stock exchanges and markets:				
Quoted	7,125,038	(356,252)	3,262,634	(163,132)
Alternative investments	869,734	(43,487)	13,817,691	(690,884)
	34,450,686	(1,722,535)	45,257,419	(2,262,871)
Sagicor Preferred Income Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	861,560	(43,078)	945,161	(47,258)
Listed on US stock exchanges and markets:				
Alternative investments	-	-	369,844	(18,492)
	861,560	(43,078)	1,315,005	(65,750)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	2009		2008	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Sagicor Select Growth Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	10,778,404	(538,920)	11,268,778	(563,439)
Listed on US stock exchanges and markets:				
Quoted	6,179,463	(308,973)	3,652,795	(182,640)
Alternative investments	235,323	(11,766)	6,680,615	(334,030)
	17,193,190	(859,659)	21,602,188	(1,080,109)

The following table shows financial instruments recorded at fair value as at September 30, 2009, analyzed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level1);
- Those involving inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2) ;
- Those with inputs for the asset or liability that are not based on observable market data (observable inputs) (Level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
Global Balanced Fund				
Fixed income securities	1,759,172	20,664,280	-	22,423,452
Equity investments	33,580,952	-	-	33,580,952
Alternative investments	-	-	869,734	869,734
Loans and receivables	754,504	-	-	754,504
	36,094,628	20,664,280	869,734	57,628,642

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
Preferred Income Fund				
Fixed income securities	5,674,158	17,614,818	-	23,288,976
Equity investments	861,560	-	-	861,560
Loans and receivables	758,020	-	-	758,020
	7,293,738	17,614,818	-	24,908,556
Select Growth Fund				
Fixed income securities	1,598,384	1,958,639	-	3,557,023
Equity investments	16,957,867	-	-	16,957,867
Alternative investments	-	-	235,323	235,323
Loans and receivables	900,429	-	-	900,429
	19,456,680	1,958,639	235,323	21,650,642

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

	SGBF $	SPIF $	SSGF $	Total $
Balance – beinning of period	13,817,691	369,844	6,680,615	20,868,150
Purchases	663,916	-	229,261	893,177
Disposals	(14,914,824)	(457,116)	(7,638,083)	(23,010,023)
Gain	1,302,951	87,272	963,530	2,353,753
Balance – end of period	869,734	-	235,323	1,105,057

There were no transfers between categories during the period.

7.6 Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, amounts due from related parties, accounts payable and amounts due to related parties are not inconsistent with their carrying value because of the short maturity of these instruments.

Amounts expressed in Barbados Dollars

8. ACCOUNTS PAYABLE

	2009 $	2008 $
Sagicor Global Balanced Fund		
Redemptions payable	17,409	90,051
Gift certificates	400	400
Other	488,246	556,952
	506,055	647,403
Sagicor Preferred Income Fund		
Redemptions payable	-	950
Other	18,949	41,960
	18,949	42,910
Sagicor Select Growth Fund		
Redemptions payable	1,317	6,741
Gift certificates	900	1,400
Other	20,480	204,677
	22,697	212,818
Total Funds accounts payable	547,701	903,131

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.

10. SHARE CAPITAL

Authorized:

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

	2009 $	2008 $
Issued:		
(2008 – 1,000,000) common shares	1,000,000	1,000,000

Capital management

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

The Funds' objectives for managing capital are:

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

Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME

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

(a) Interest income

	2009 $	2008 $
Sagicor Funds Incorporated		
Debt securities	71,767	91,460
Sagicor Global Balanced Fund		
Debt securities	1,178,884	1,480,619
Deposits	181,541	29,829
	1,360,425	1,510,448
Sagicor Preferred Income Fund		
Debt securities	1,239,076	1,542,353
Deposits	15,391	21,189
	1,254,467	1,563,542

Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME (continued)

(a) Interest income (continued)

	2009 $	2008 $
Sagicor Select Growth Fund		
Debt securities	150,207	118,502
Deposits	77,641	156,706
	227,848	275,208
Total Funds interest income	2,914,507	3,440,658

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

	2009 $	2008 $
Sagicor Funds Incorporated		
Debt securities	119,559	-
Sagicor Global Balanced Fund		
Debt securities	642,309	288,229
Equities	79,648	(6,633,656)
Foreign exchange losses	(24,481)	(2,783)
	697,476	(6,348,210)
Sagicor Preferred Income Fund		
Debt securities	2,203,976	(1,276,644)
Equities	(39,613)	(116,861)
	2,164,363	(1,393,505)
Sagicor Select Growth Fund		
Debt securities	(24,206)	18,093
Equities	513,324	(4,479,990)
	489,118	(4,461,897)
Total Funds net gains/(losses) on financial investments	3,470,516	(12,203,612)

Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2009 $	2008 $
Sagicor Global Balanced Fund		
Management fee	950,135	1,393,448
Custodian fee	135,734	199,064
Sagicor Preferred Income Fund		
Management fee	145,558	188,309
Custodian fee	48,519	62,770
Sagicor Select Growth Fund		
Management fee	160,539	226,829
Custodian fee	53,513	75,610

(b) Shares held by related parties

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

	2009 $	2008 $
Sagicor Global Balanced Fund		
Sagicor Life Inc		
Number of Shares held at September 30	4,679,327	5,045,228
Sagicor Preferred Income Fund		
Sagicor Life Inc		
Number of Shares held at September 30	1,000,000	1,000,000
Sagicor Select Growth Fund		
Sagicor Life Inc		
Number of Shares held at September 30	1,000,000	1,000,000

Design: GJP Advertising
Layout and Artwork: GENESIS Graphics
Pre-Press and Printing: COT Media Group