Sagicor

SAGICOR FUNDS INCORPORATED
ANNUAL REPORT 2010

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:

STRATEGIC

seizing growth opportunities//streamlining our reporting structure

WISE

protecting our balance sheet//strengthening operations

STRONG

emerging successfully from a challenging economic environment

AT A GLANCE

A glance of the eye transcends speech.

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:	$2.12
NET ASSETS:	$75,990,348
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. Fund shares will go ex-div on December 1st and June 1st.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Preferred Income Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.08
NET ASSETS:	$33,756,082
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:	$1.07
NET ASSETS:	$28,994,180
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

It takes a thousand voices to tell a single story.

OUR STORY

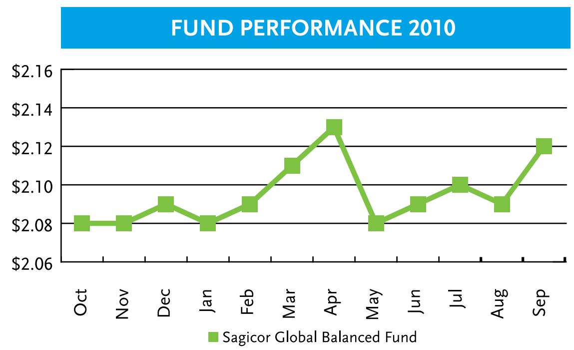
To accomplish great things we must not only act, but also dream; not only plan, but also believe.

DR M. PATRICIA DOWNES-GRANT

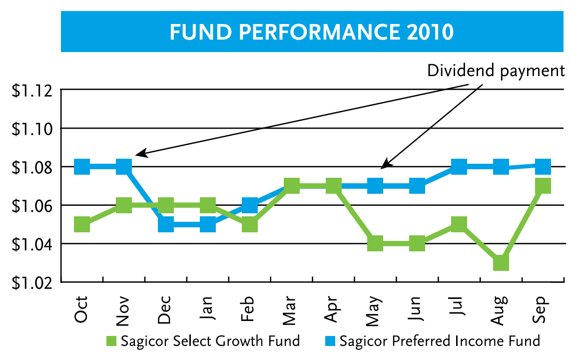
CHAIRMAN

CHAIRMAN'S REPORT

The stressed state of the US economy and the European debt crisis continued to weigh heavily on the performance of the capital markets during the financial year ended September 30, 2010. Indications from US policymakers in September suggested that the pace of recovery was modest and output and employment had decelerated since the last meeting held in August. High unemployment persisted as employers failed to add to payrolls, thus further pressure was placed on household spending. Although credit conditions remained tight, bank lending increased moderately in the third quarter, compared to the previous two quarters of 2010.



The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund both advanced by 1.9% for the financial year October 2009 to September 2010. The Sagicor Preferred Income Fund gained 5.1%, inclusive of dividends, for the financial year. The Mutual Funds performed creditably amidst the turbulent economic environment that weakened financial markets worldwide. Mixed returns on the international equity markets and persistent losses on the local stock exchange hindered aggregate growth during the period. Variable economic signals and the threat of a double dip recession negatively affected investor sentiment causing a flight to safety.



Measures of underlying inflation trended lower and were below the level that the Federal Open Market Committee (FOMC) believed to have been in line with maintaining its mandate to promote maximum employment and price stability. At its September meeting, the Committee made the decision to keep the target range of 0.00% to 0.25% for the Federal Funds rate, unchanged since December 2008.

The crisis in Greece morphed into the European debt crisis and heightened concerns that banks in the European Union may have needed additional bailout funding. The international markets rallied during the third quarter of the year spurred on by a better than expected durable goods report in the United States and expansion in manufacturing in China. The US indices showed a marked recovery in the third quarter of 2010 to erase previous losses from a tumultuous second quarter. Emerging markets continued to perform credibly as preference for bonds in developing markets surpassed the demand for such securities in the developed markets. During the quarter, stock exchanges in the region remained relatively illiquid.

The Barbados economy declined 0.4% in 2010 under the strain of flagging tourist arrivals despite showing potential signs of recovery. Reduced spending and broad-based declines in the manufacturing and distribution sectors compounded the general economic decline. Stalled construction projects, especially in the tourism sector were widespread as the contagion effect of global economic recession retarded several local and international projects. Unemployment rose marginally.

Liquidity accumulation and credit contribution in the commercial banking sector illustrated the slowdown in economic activity. The increased levels of liquidity saw declines in the 3-month Treasury bill rate which decreased to 3.30% from 3.59% at the end of the financial period in 2009. The minimum deposit rate and the discount rate remained at 2.5% and 7.0% respectively.

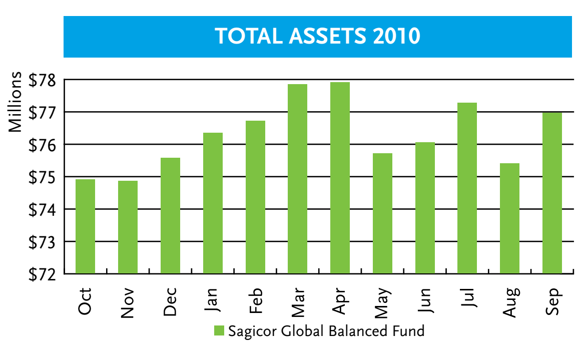
Reduced growth in the energy sector and moderate declines in the non-energy sectors precipitated a decline in growth of 0.9% in the Trinidad and Tobago economy. Further constraints on economic growth included a reduction in private sector credit granted by the financial system and an increased unemployment rate of 6.7%. Short term interest rates remained at record low levels. The three month Treasury bill rate fell to 0.31% in November from 0.35% in October while the six month Treasury bill rate dropped to 0.48% from 0.50% in September. Headline inflation slowed to 12.5% (year on year) from 13.2% in the previous month.

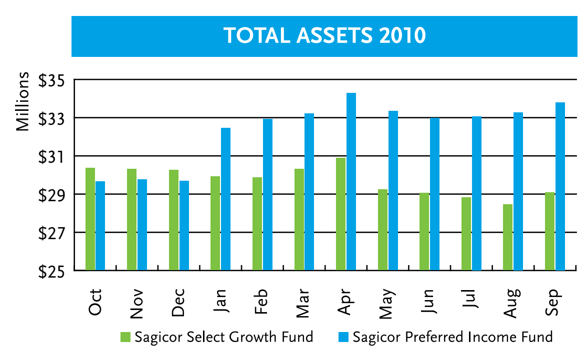
Regionally, the year was characterized by declining prices on the regional exchanges compounded by a contraction in liquidity in some markets. The Barbados and Jamaica Exchanges decreased by 3.2% and 0.7% respectively and the Trinidad Exchange declined by 1.1% for the third quarter of 2010. For the first nine months of 2010, the indices posted mixed performances with Jamaica slightly increasing by 0.4% while Barbados declined 5.0% and Trinidad recorded the best relative performance increasing by 7.4%.

The performance of the Sagicor Funds remained competitive despite the global instability. The main inhibitors from growth of the Funds were the underperformance of local and regional equities. International equities rallied during the year buoying the returns of the Balanced and Growth Funds. The Sagicor Preferred Income Fund recorded significant growth of 4.6% during the year due to the strategic placement and duration of fixed income securities. Strength in fixed income valuations also helped to buttress the Balanced Fund. The decline in regional markets occurred amidst low levels of volatility but significant levels of illiquidity. In the unstable economic climate the funds maintained a defensive position with increased holdings in cash and investment grade fixed income securities while remaining strategically and tactically positioned to take advantage of any opportunities in the markets.

On behalf of the Board of Directors, I express my appreciation to our management, staff and advisors for their commitment. I also thank you, our shareholders for your confidence and look forward to your continued support.

Dr M Patricia Downes-Grant
Chairman





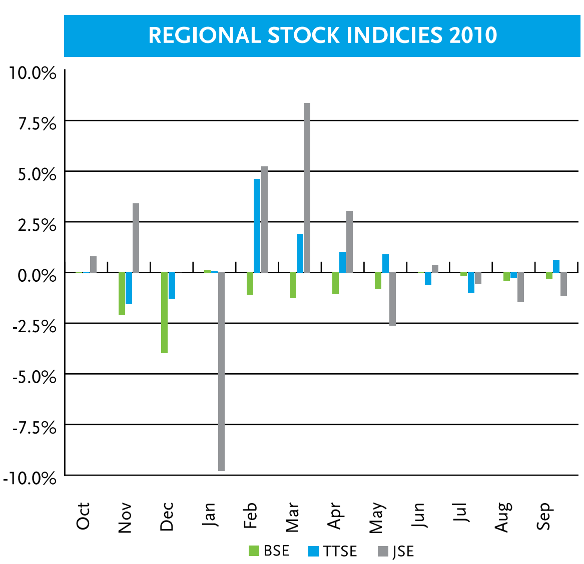
INVESTMENT REPORT

Global financial markets continued to demonstrate signs of modest economic recovery as low levels of inflation persisted. In the US, labor market conditions improved albeit at a pace that remained inadequate to reduce the elevated level of unemployment which stood at 9.6% at the end of the financial period. Business investment in equipment and software, non-farm inventory investments and exports continued to expand at a moderate rate. There was a slight increase in consumer spending which remained constrained by high unemployment, modest income growth, reduced housing wealth and tight credit. Construction activity remained depressed in both the residential and non-residential sectors.

The Federal Reserve continued its accommodative monetary policy. Intermediate and longer-term treasury yields declined as investors' demand increased for long-duration assets, fueled by additional anticipated quantitative easing (QE2), where the Federal Open Market Committee (FOMC) intended to gradually reinvest principal payments from its agency debt. Short-term funding in the markets also improved significantly. The spread between the T-Bills and Eurodollar, a measure of the health of the banking system, also contracted signifying an improved banking sector.

There was an increase in investor confidence bolstered by the additional quantitative easing, and better than expected data on manufacturing activity and the labor market. The FOMC made the decision to keep the target range of 0.00% to 0.25% for the Federal Funds Rate unchanged. Given the anchored outlook on inflation the Federal Funds Rate was forecasted to remain at its current target range for an extended period.

The Dow Jones Industrial Average showed marked recovery in the third quarter of 2010 to erase previous losses and record gains of 10.4% and 3.5% for the quarter to date and year to date period respectively. The NASDAQ index and Standards & Poors 500 index both ended the year to date period in positive territory with gains of 12.3% and 10.7% respectively. Strong third quarter returns were resultant of improved financial performance in the banking sector and the stabilization of the global economy. Emerging markets were favoured over developed economies for long-term gains. The Morgan Stanley Capital International (MSCI) EAFE index and MSCI World index recorded returns of 15.8% and 13.2% respectively for the year to date period. The German Index (DAX) also recorded positive gains of 4.4% for the quarter.



In China the Shanghai Composite Index (HSI) was up approximately 10.0% for the third quarter representing a recovery in the market as earlier restrictions on bank lending and tightening of measures in the property markets caused equities to plummet. Manufacturing expanded in September for a second consecutive month adding to the Shanghai Composite Index performance and resulting in the Emerging Markets growing 0.8%, its highest since June 2008. The Nikkei 225 index rose helped by a weaker yen after Japan's massive yen-selling to curb the yen's appreciation versus the dollar.

The performance of regional markets contrasted global equity markets. Unfavourable conditions prevailed in regional equity markets for 2010 as the markets remained in the midst of a protracted decline. The third quarter was characterized by declining prices on the regional exchanges though with low trading activity. The Jamaica and Barbados declined 3.2% and 1.1% respectively. The Trinidad Stock indices decreased 0.7% for the third quarter of 2010. However, regional stock markets were constrained by the lack of active participants and the resulting liquidity constraints.

The Funds collectively had $141.0 million in assets at the end of September 2010, up 4.1% from their total assets in 2009. Net income for the Funds stood at $3.8 million for the year, with interest income accounting for 58.9% of revenues and provided the greatest contribution to revenue in 2010. Global rallies in the international markets coupled with better than expected economic data were the main proponents for growth for the year precipitated by the FOMC's pledge of further quantitative easing to boost the economic recovery. The advance in global equity markets supported growth of the Fund's international portfolio.

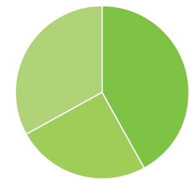
The Sagicor Global Balanced Fund increased by 1.9% in 2010 to close of the reporting period with a net asset value per share of $2.12. The Fund's exposure to equity securities was increased to 60.1% of financial investments. The Fixed income asset class increased modestly to 39.9% of financial investments. The total assets of the Sagicor Global Balanced Fund amounted to $77.0 million at the end of the period, an increase over the total assets at the end of 2009 totaling $75.6 million. The Fund recorded positive financial performance as net income for 2010 stood at $1.7 million, slightly below the net profit of $1.9 million reported at the end of the previous year. Interest income which remained the primary contributor to revenue for the year totaled $1.7 million for the year. During the period, the regional portfolios yielded mixed returns which stymied equity growth; as a result, investments to this asset class were reduced to limit exposure to the Fund from the effects of the excess volatility and malaise in the stock market.

The Sagicor Select Growth Fund gained 1.9% for the period ended September 30, 2010. The net asset value at the end of last year increased to $1.07. Strength in the global markets during the year buoyed the Fund as moderate losses persisted in the regional equity markets. During the year the Fund increased its exposure in the international portfolio to participate in the stronger returns yielded by international equities. The Fund has maintained a bias towards the international markets. Stocks and alternative investments comprised 83.3% of assets, while 16.7% of financial investments was attributable to fixed income securities. The total net assets of the Fund decreased by 3.6% and totaled $29.1 million in 2010. Dividend income was the primary contributor to revenues for the Fund and totaled $533,715 for the year. Total revenues were $699,149 million for the year.

The Sagicor Preferred Income Fund increased to $1.08 at the end of the year, reflecting an increase of 5.1%, inclusive of dividends, relative to the net asset value at the end of 2009. Interest rate movement across the local and international markets remained subdued at unprecedented lows which continued to favour the valuation on fixed income holdings in the Fund. The fund paid a dividend of 3.0 cents on November 30, 2009 followed by a distribution of 2.4 cents per share in May 2010. To ensure that our risk exposure was in keeping with the Fund's mandate, the assets in the Fund's fixed income portfolio continued to be principally invested in investment grade debt. Relatively low interest rates on investment grade debt, however, resulted in a moderate fluctuation in the dividend payments. However, our holdings of investment grade debt augur well for the long term stability of the Fund. International fixed income securities accounted for 11.0% of the Fund's investments while regional and local bonds represented 76.0% of all investments. The remaining net assets were allocated to deposits and cash and amounted to 13.0% of the portfolio. The net assets of the Fund were recorded at $33.8 million at the end of September 2010. Net income was reported at $1.7 million for the year. Interest income was the primary contributor to revenues for the Fund and totaled $1.8 for the year. Total revenues were $2.1 million for the year.

GEOGRAPHICAL ALLOCATION 2010

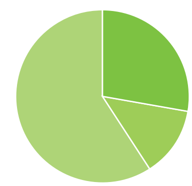
Sagicor Global Balanced Fund



Local	42.0%
Regional	25.0%
International	33.0%

GEOGRAPHICAL ALLOCATION 2010

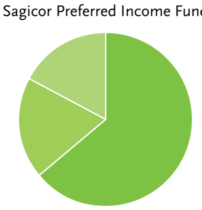
Sagicor Select Growth Fund



Local	28.0%
Regional	13.0%
International	59.0%

GEOGRAPHICAL ALLOCATION 2010

Sagicor Preferred Income Fund



Local	64.0%
Regional	19.0%
International	17.0%

CONCLUSION

The pace of recovery is anticipated to be modest in the near future. However, reports on the outlook of the job market and wages, reflect a less than modest pace of recovery for the economy. The elevated level of unemployment is expected to persist through 2011 negatively impacting household spending. Furthermore, housing prices declined sharply during October, which raised concerns about a “double dip” in the housing market. Both overall and core inflation is expected to remain subdued through 2012. During 2011, global growth is forecasted to average 3.6%, considerably less than the 5.0% growth rates in the years immediately preceding the crisis.

The second round of quantitative easing is expected to provide the impetus for spurring on economic recovery. There has been a surge in confidence in the financial markets, which is expected to continue as demonstrated by the recent strong rallies in international markets. The decision to maintain low interest policy rates for an extended period should add another layer of stabilization support. Overall, lower unemployment levels, more robust growth, and sustainable economic recovery are predicted as a result of the fiscal stimulus.

Sagicor Funds Inc. remains encouraged by the prospects for recovery for 2011 and beyond. We will continue to be prudent and pro-active in managing the portfolios during these volatile periods and remain committed to enhancing shareholder value.

Dr M Patricia Downes-Grant
Chairman

Dr Grenville Phillips
Director

Successful people build relationships with heart.

OUR TEAM

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

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
SECRETARY	Sandra Osborne, QC 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, MSc	Manager
Omar Kennedy, BA, MBA	Portfolio Manager
Simone Simpson, BSBA, CFA	Portfolio Manager
Michael Millar, BSc, MSc	Investment Analyst
Kara Newsam, BSc	Investment Officer – Treasury
Lisa Ramsay, BSc	Investment Officer – Treasury
Leeann Woodroffe, BSc	Mutual Fund Administrator/Broker
Samica Hunte, BSc	Assistant Fund Administrator
Annette Phillips-Gay, BA	Assistant Fund Administrator
Tanisha Harewood, BSc	Administrative Assistant

BARBADOS SALES STAFF

BRANCH MANAGER

Gay Griffith, CLU, ChFC - Branch Manager

AGENCY MANAGERS

Adrian King
Charlton Sargeant
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Suleman Nana, BA, CLU, LUTCF

UNIT MANAGERS

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Cheryl Stoute, LUTCF
John H Wilson, JP, LUTCF
Patrick Estwick, CLU
Wayne Alleyne, LUTCF

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Andre Walcott
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Angela Daniel, JP
Angela Greaves, LUTCF (SSA)
Annette Superville-Mc Clean
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Nigel Harper, LUTCF
Olvin Forde, LUTCF
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Pamela Johnson-Cave, LUTCF

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Rodney R. Davis
Roger Eversley
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Roxanne Clarke
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Terencia Coward-Thompson
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Trevor Greaves, ACS (SSA)
Trevor Mapp
Troy Millington, LUTCF
Troy Moore
Vallene Worrell
Vaughn Cozier
Wayne Campbell
Wendell Phillips
Wendine King (reports to C. Stoute)
Wycliffe E. Worrell
Wynthrop Catwell

INCORPORATED AND RETIRED ADVISORS

Alice Forde
Anthony Branch
Basil Jessamy
C. John Wilson

BARBADOS SALES STAFF

C. Shirley Clarke, CLU
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Clyde Brome , CLU
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Duncan Parris
Edith Marshall
Euleen Babb
Eustace Gay
Frank Codrington
Glynn Wellington
Jeanette Lashley
John Daniel
June Branch
Ken DeSuze, FLMI
Lauristan Chase (Chase Insurance Services)
Lemuel Daniel, HIA
Lincoln Waterman
Lionel Edghill, JP
Lionel Hoyte
Malcolm Squires, JP (SSA)
Margot Black
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

Anthony Kirton
Ken Marshall
Michael Wills

OUR PERFORMANCE

An acre of performance is worth a whole world of promise

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 statement of financial position as of September 30, 2010, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
CHARTERED ACCOUNTANTS
Barbados
20 December 2010

Amounts expressed in Barbados Dollars

	Notes	2010	2009
		$	$
ASSETS			
Due from related parties	4	22,320	85,296
Due from parent company	4	324,323	431,430
Accounts receivable	5	5,900,697	677,686
Financial investments	6	121,680,518	105,406,452
Cash and cash equivalents		13,088,228	28,853,613
Total assets		141,016,086	135,454,477
LIABILITIES			
Due to related parties	4	194,745	99,575
Due to parent company	4	28,463	26,954
Accounts payable	8	505,879	547,701
Total liabilities		729,087	674,230
EQUITY			
Common shares	10	1,000,000	1,000,000
Redeemable mutual fund shares	9	138,740,606	133,364,901
Retained earnings		546,393	415,346
Total equity		140,286,999	134,780,247
Total liabilities and equity		141,016,086	135,454,477

Approved by the Board of Directors on December 20, 2010

Chairman

Director

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	Common Shares $	Redeemable Mutual Fund Shares $	Retained Earnings $	Total $
Balance at December 31, 2008	1,000,000	126,952,478	229,813	128,182,291
Net income for the year	-	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
Net income for the year	-	3,690,260	131,047	3,821,307
Distributions to shareholders	-	(1,569,593)	-	(1,569,593)
Proceeds from issue of shares	-	15,421,532	-	15,421,532
Redemption of shares	-	(12,166,494)	-	(12,166,494)
Balance at September 30, 2010	1,000,000	138,740,606	546,393	140,286,999

Amounts expressed in Barbados Dollars

	Notes	2010 $	2009 $
REVENUE			
Interest income	11	3,772,999	2,914,507
Dividend income		1,619,834	1,445,010
Net gains on financial investments	11	1,017,751	3,470,516
		6,410,584	7,830,033
EXPENSES			
Management fee	12	1,782,887	1,256,232
Custodian fee	12	342,416	237,766
Other expenses/(income)		248,428	(140,878)
		2,373,731	1,353,120
INCOME ON ORDINARY ACTIVITIES		4,036,853	6,476,913
Withholding taxes		(215,546)	(129,302)
NET INCOME FOR THE YEAR/PERIOD		3,821,307	6,347,611
ATTRIBUTABLE TO:			
FUND SHAREHOLDERS		3,690,260	6,162,078
EQUITY HOLDER OF THE FUNDS		131,047	185,533
		3,821,307	6,347,611

For the year ended September 30, 2010 | Amounts expressed in Barbados Dollars

	2010 $	2009 $
Cash flows from operating activities		
Net income for the year/period	3,821,307	6,347,611
Adjustments for:		
Interest income	(3,772,999)	(2,914,507)
Dividend income	(1,619,834)	(1,445,010)
Loss on sale of investments	2,574,698	3,976,377
Net unrealised gains on financial investments	(3,596,576)	(7,471,374)
	(2,593,404)	(1,506,903)
Changes in operating assets and liabilities		
Due from related parties	62,976	(85,296)
Due from parent company	107,107	109,781
Accounts receivable	(5,223,011)	(528,762)
Due to related parties	95,170	(893,617)
Due to parent company	1,509	(54,761)
Accounts payable	(41,822)	(355,430)
Net cash used in operating activities	(7,591,475)	(3,314,988)
Cash flows from investing activities		
Purchase of financial investments	(63,585,573)	(39,733,615)
Net proceeds on sale of financial investments	48,466,072	55,666,327
Interest received	3,640,312	2,760,002
Dividends received	1,619,834	1,445,010
Net cash (used in)/from investing activities	(9,859,355)	20,137,724
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	15,421,532	8,283,482
Redemption of shares	(12,166,494)	(7,259,191)
Distributions paid	(1,569,593)	(773,946)
Net cash from financing activities	1,685,445	250,345
Net (decrease)/increase in cash and cash equivalents c/fwd	(15,765,385)	17,073,081

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Net (decrease)/increase in cash and cash equivalents b/fwd	(15,765,385)	17,073,081
Cash and cash equivalents - beginning of year/period	28,853,613	11,780,532
Cash and cash equivalents - end of year/period	13,088,228	28,853,613
Cash and cash equivalents:		
Cash resources	12,224,443	24,987,307
Call deposits	863,785	3,866,306
	13,088,228	28,853,613

Statement of Financial Position

As of September 30, 2010
(With comparatives as of September 30, 2009)

Sagicor Global Balanced Fund

Amounts expressed in Barbados Dollars

	Notes	2010	2009
		$	$
ASSETS			
Due from related parties	4	43,221	72,676
Due from parent company	4	105,365	200,220
Accounts receivable	5	4,197,759	596,489
Financial investments	6	65,262,836	57,628,642
Cash and cash equivalents		7,344,309	17,053,540
Total assets		76,953,490	75,551,567
LIABILITIES			
Due to related parties	4	452,164	191,886
Due to parent company	4	15,698	15,229
Accounts payable	8	495,280	506,055
Total liabilities		963,142	713,170
EQUITY			
Redeemable mutual fund shares	9	75,990,348	74,838,397
Total liabilities and equity		76,953,490	75,551,567
No. of redeemable Global Balanced Fund shares outstanding at end of year/period		35,819,956	36,060,882
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year/period		2.12	2.08
Increase in net asset value per redeemable Sagicor Global Balanced Fund share at end of year/period		1.9%	3.0%

Approved by the Board of Directors on December 20, 2010

Chairman

Director

Amounts expressed in Barbados Dollars

	2010		2009	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year/period	36,060,882	74,838,397	36,162,726	73,162,624
Proceeds from issue of shares	2,154,716	4,463,371	1,951,222	3,850,119
Redemption of shares	(2,395,642)	(4,975,134)	(2,017,066)	(4,062,097)
Net decrease from share transactions	(240,926)	(511,763)	(101,844)	(211,978)
Net income for the year/period	-	1,663,714	-	1,887,751
Balance at end of year/period	35,819,956	75,990,348	36,060,882	74,838,397

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	Notes	2010	2009
		$	$
REVENUE			
Interest income	11	1,658,401	1,360,425
Dividend income		1,070,257	957,751
Net gains on financial investments	11	718,680	697,476
		3,447,338	3,015,652
EXPENSES			
Management fee	12	1,322,369	950,135
Custodian fee	12	188,909	135,734
Other expenses/(income)		171,238	(24,984)
		1,682,516	1,060,885
INCOME ON ORDINARY ACTIVITIES		1,764,822	1,954,767
Withholding taxes		(101,108)	(67,016)
NET INCOME FOR THE YEAR/PERIOD		1,663,714	1,887,751

Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Cash flows from operating activities		
Net income for the year/period	1,663,714	1,887,751
Adjustments for:		
Interest income	(1,658,401)	(1,360,425)
Dividend income	(1,070,257)	(957,751)
Loss on sale of financial investments	2,099,849	2,322,658
Net unrealised gains on financial investments	(2,818,529)	(3,044,615)
	(1,783,624)	(1,152,382)
Changes in operating assets and liabilities		
Due from related parties	29,455	1,230,565
Due from parent company	94,855	(22,180)
Accounts receivable	(3,601,270)	(470,091)
Due to related parties	260,278	(1,410,335)
Due to parent company	469	(32,707)
Accounts payable	(10,775)	(141,348)
Net cash used in operating activities	(5,010,612)	(1,998,478)
Cash flows from investing activities		
Purchase of financial investments	(29,455,534)	(13,704,158)
Net proceeds on sale of financial investments	22,562,256	25,541,167
Interest received	1,636,165	1,309,582
Dividends received	1,070,257	957,751
Net cash (used in)/from investing activities	(4,186,856)	14,104,342
Cash flows from financing activities		
Proceeds from issue of shares	4,463,371	3,850,119
Redemption of shares	(4,975,134)	(4,062,097)
Net cash used in financing activities	(511,763)	(211,978)
Net (decrease)/increase in cash and cash equivalents c/fwd	(9,709,231)	11,893,886

Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Net (decrease)/increase in cash and cash equivalents b/fwd	(9,709,231)	11,893,886
Cash and cash equivalents - beginning of year/period	17,053,540	5,159,654
Cash and cash equivalents - end of year/period	7,344,309	17,053,540
Cash and cash equivalents:		
Cash resources	7,344,309	15,517,859
Call deposits	-	1,535,681
	7,344,309	17,053,540

Amounts expressed in Barbados Dollars

	Notes	2010	2009
		$	$
ASSETS			
Due from related parties	4	306,028	145,126
Due from parent company	4	5,177	17,428
Accounts receivable	5	534,036	41,183
Financial investments	6	30,537,737	24,908,556
Cash and cash equivalents		2,408,675	3,378,120
Total assets		33,791,653	28,490,413
LIABILITIES			
Due to related parties	4	25,711	25,744
Due to parent company	4	6,842	5,565
Accounts payable	8	3,018	18,949
Total liabilities		35,571	50,258
EQUITY			
Redeemable mutual fund shares	9	33,756,082	28,440,155
Total liabilities and equity		33,791,653	28,490,413
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year/period		31,348,911	26,477,670
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year/period		1.08	1.07
Increase in net asset value per redeemable Sagicor Preferred Income Fund at end of year/period		0.9%	9.2%

Approved by the Board of Directors on December 20, 2010

Chairman

Director

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	2010		2009	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year/period	26,477,670	28,440,155	25,528,224	25,014,141
Proceeds fom issue of shares	7,511,765	8,006,850	2,863,645	2,907,504
Redemption of shares	(2,640,524)	(2,851,744)	(1,914,199)	(1,929,671)
Net increase from share transactions	4,871,241	5,155,106	949,446	977,833
Net income for the year/period	-	1,730,414	-	3,222,127
Distributions to shareholders	-	(1,569,593)	-	(773,946)
Balance at end of year/period	31,348,911	33,756,082	26,477,670	28,440,155

For the year ended September 30, 2010 — Amounts expressed in Barbados Dollars

(With comparatives for the nine-month period ended September 30, 2009)

	Notes	2010	2009
		$	$
REVENUE			
Interest income	11	1,845,266	1,254,467
Dividend income		15,862	22,134
Net gains on financial investments	11	260,430	2,164,363
		2,121,558	3,440,964
EXPENSES			
Management fee	12	239,060	145,558
Custodian fee	12	79,687	48,519
Other income		(11,916)	(17,540)
		306,831	176,537
INCOME ON ORDINARY ACTIVITIES		1,814,727	3,264,427
Withholding taxes		(84,313)	(42,300)
NET INCOME FOR THE YEAR/PERIOD		1,730,414	3,222,127

Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Cash flows from operating activities		
Net income for the year/period	1,730,414	3,222,127
Adjustments for:		
Interest income	(1,845,266)	(1,254,467)
Dividend income	(15,862)	(22,134)
Loss on sale of financial investments	149,362	52,278
Net unrealised gains on financial investments	(413,919)	(2,216,641)
	(395,271)	(218,837)
Changes in operating assets and liabilities		
Due from related parties	(160,902)	1,085,199
Due from parent company	12,251	51,897
Accounts receivable	(492,853)	(41,183)
Due to related parties	(33)	(646,796)
Due to parent company	1,277	(10,124)
Accounts payable	(15,931)	(23,961)
Net cash (used in)/from operating activities	(1,051,462)	196,195
Cash flows from investing activities		
Purchase of financial investments	(20,954,804)	(5,442,726)
Net proceeds on sale of financial investments	15,706,694	5,708,675
Interest received	1,728,752	1,212,080
Dividends received	15,862	22,134
Net cash (used in)/from investing activities	(3,503,496)	1,500,163
Cash flows from financing activities		
Proceeds from issue of shares	8,006,850	2,907,504
Redemption of shares	(2,851,744)	(1,929,671)
Distributions paid	(1,569,593)	(773,946)
Net cash from financing activities	3,585,513	203,887
Net (decrease)/increase in cash and cash equivalents c/fwd	(969,445)	1,900,245

Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Net (decrease)/increase in cash and cash equivalents b/fwd	(969,445)	1,900,245
Cash and cash equivalents - beginning of year/period	3,378,120	1,477,875
Cash and cash equivalents - end of year/period	2,408,675	3,378,120
Cash and cash equivalents:		
Cash resources	2,006,608	1,974,221
Call deposits	402,067	1,403,899
	2,408,675	3,378,120

Amounts expressed in Barbados Dollars

	Notes	2010 $	2009 $
ASSETS			
Due from related parties	4	1,213	5,733
Due from parent company	4	213,783	213,783
Accounts receivable	5	1,168,902	-
Financial investments	6	24,610,251	21,650,642
Cash and cash equivalents		3,058,545	8,265,233
Total assets		29,052,694	30,135,391
LIABILITIES			
Due to related parties	4	45,012	20,182
Due to parent company	4	5,921	6,159
Accounts payable	8	7,581	22,697
Total liabilities		58,514	49,038
EQUITY			
Redeemable mutual fund shares	9	28,994,180	30,086,353
Total liabilities and equity		29,052,694	30,135,391
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year/period		27,208,923	28,535,203
Net asset value per redeemable Sagicor Select Growth Fund share at end of year/period		1.07	1.05
Increase in net asset value per redeemable Sagicor Select Growth Fund share at end of year/period		1.9%	2.9%

Approved by the Board of Directors on December 20, 2010

Chairman

Director

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	2010		2009	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year/period	28,535,203	30,086,353	28,269,244	28,775,717
Proceeds from issue of shares	2,776,597	2,951,311	1,523,763	1,525,859
Redemption of shares	(4,102,877)	(4,339,616)	(1,257,804)	(1,267,423)
Net (decrease)/increase from share transactions	(1,326,280)	(1,388,305)	265,959	258,436
Net income for the year/period	-	296,132	-	1,052,200
Balance at end of year/period	27,208,923	28,994,180	28,535,203	30,086,353

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	Notes	2010	2009
		$	$
REVENUE			
Interest income	11	177,872	227,848
Dividend income		533,715	465,125
Net (losses)/gains on financial investments	11	(12,441)	489,118
		699,146	1,182,091
EXPENSES			
Management fee	12	221,458	160,539
Custodian fee	12	73,820	53,513
Other expenses/(income)		89,044	(98,431)
		384,322	115,621
INCOME ON ORDINARY ACTIVITIES		314,824	1,066,470
Withholding taxes		(18,692)	(14,270)
NET INCOME FOR THE YEAR/PERIOD		296,132	1,052,200

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Cash flows from operating activities		
Net income for the year/period	296,132	1,052,200
Adjustments for:		
Interest income	(177,872)	(227,848)
Dividend income	(533,715)	(465,125)
Loss on sale of financial investments	325,487	1,601,441
Net unrealised gains on financial investments	(313,046)	(2,090,559)
	(403,014)	(129,891)
Changes in operating assets and liabilities		
Due from related parties	4,520	117,809
Due from parent company	-	80,063
Accounts receivable	(1,168,902)	22,526
Due to related parties	24,830	(1,355,355)
Due to parent company	(238)	(11,930)
Accounts payable	(15,116)	(190,121)
Net cash used in operating activities	(1,557,920)	(1,466,899)
Cash flows from investing activities		
Purchase of financial investments	(13,175,235)	(20,079,143)
Net proceeds on sale of financial investments	10,197,122	23,908,897
Interest received	183,935	189,626
Dividends received	533,715	465,125
Net cash (used in)/from investing activities	(2,260,463)	4,484,505
Cash flows from financing activities		
Proceeds from issue of shares	2,951,311	1,525,859
Redemption of shares	(4,339,616)	(1,267,423)
Net cash (used in)/from financing activities	(1,388,305)	258,436
Net (decrease)/increase in cash and cash equivalents c/fwd	(5,206,688)	3,276,042

Amounts expressed in Barbados Dollars

	2010	2009
	$	$
Net (decrease)/increase in cash and cash equivalents b/fwd	(5,206,688)	3,276,042
Cash and cash equivalents - beginning of year/period	8,265,233	4,989,191
Cash and cash equivalents - end of year/period	3,058,545	8,265,233
Cash and cash equivalents comprise:		
Cash resources	2,596,827	7,338,507
Call deposits	461,718	926,726
	3,058,545	8,265,233

1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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 Funds adopted the following amendments during the year:

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Funds adopted this amendment as of January 1, 2010. It did not have an impact on the financial position or performance of the Funds.

IFRS 3 Business Combinations (Revised) andIAS 27 Consolidated and Separate Financial Statements
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) did not have an impact on the financial position or performance of the Funds.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Adoption of new accounting policies (continued)

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk in particular situations. The adoption of this amendment had no impact on the financial position or performance of the Funds, as the Funds have not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or performance of the Funds.

Improvements to IFRSs
In May 2008 and April 2009, the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of these amendments did not have any impact on the accounting policies, financial position or performance of the Funds.

(b) Future changes in accounting policies

Standards issued but not yet effective up to the date of issuance of the Funds' financial statements are listed below. This listing is of standards and interpretations issued, which the Funds reasonably expect to be applicable at a future date. The Funds intend to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Funds do not expect any impact on their financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Funds after initial application.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The Funds do not intend to adopt this standard until its effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Future changes in accounting policies (continued)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The Funds do not expect the adoption of this interpretation to have any effect on the financial statements of the Funds.

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 profit or loss.

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

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

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

	September		September	
	2010	2010	2009	2009
	closing rate	average rate	closing rate	average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	42.97	43.98	44.44	43.68
Trinidad & Tobago dollar	3.16	3.17	3.17	3.14
United States dollar	0.50	0.50	0.50	0.50

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial Instruments

(a) Classification

The Funds classify their financial assets into two categories:

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

Management determines the appropriate classification of these assets at initial recognition

Financial assets 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.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Funds may include in this category 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 interest 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 profit or loss.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial Instruments (continued)

(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, is based upon net asset values provided by the fund managers and administrators and is validated by management.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Provisions

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

2.6 Interest income

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

2.7 Dividend income

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

2.8 Taxation

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

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

2.9 Distributions

Distributions are paid twice annually to holders of redeemable SPIF shares.

2.10 Management fee, Investment Advisory and Custodian fees

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

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

Sagicor Life Inc (Sagicor) serves as custodian of the SSGF whereas 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.12 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 statement of financial position 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 income, 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 income, 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 judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Fair value of financial instruments

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

For the year ended September 30, 2010 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

	2010 $	2009 $
Sagicor Funds Incorporated		
Other	-	40,014
Sagicor Global Balanced Fund		
Unsettled trades	4,194,710	554,815
Other	3,049	41,674
	4,197,759	596,489
Sagicor Preferred Income Fund		
Unsettled trades	534,036	41,183
Sagicor Select Growth Fund		
Unsettled trades	1,168,902	-
Total Funds accounts receivable	5,900,697	677,686

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2010 $	2009 $
Sagicor Funds Incorporated		
Securities at fair value through income:		
Government debt securities	1,269,694	1,218,612
Sagicor Global Balanced Fund		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	20,317,771	17,358,862
Corporate debt securities	5,724,636	5,064,590
	26,042,407	22,423,452
Other:		
Quoted equity securities	38,858,069	33,580,952
Alternative investments	362,360	869,734
	39,220,429	34,450,686
Loans and receivables:		
Deposits – at cost	-	754,504
Total Sagicor Global Balanced Fund's financial investments	65,262,836	57,628,642
Sagicor Preferred Income Fund		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	24,620,605	17,178,618
Corporate debt securities	4,056,958	6,110,358
	28,677,563	23,288,976
Other:		
Quoted equity securities	450,000	861,560
Loans and receivables:		
Corporate debt securities	796,711	758,020
Deposits – at cost	613,463	-
	1,410,174	758,020
Total Sagicor Preferred Income Fund's financial investments	30,537,737	24,908,556

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

	2010 $	2009 $
Sagicor Select Growth Fund		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	2,479,744	2,079,918
Corporate debt securities	1,638,498	1,477,105
	4,118,242	3,557,023
Other:		
Quoted equity securities	20,387,879	16,957,867
Alternative investments	104,130	235,323
	20,492,009	17,193,190
Loans and receivables:		
Deposits – at cost	-	900,429
Total Sagicor Select Growth Fund's financial investments	24,610,251	21,650,642
Total Funds financial investments	121,680,518	105,406,452

7. FINANCIAL RISK

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

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

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit risk

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

	2010		2009	
	$	%	$	%
Sagicor Funds Incorporated				
Accounts receivable	-	-	40,014	3
Debt securities	1,269,694	82	1,218,612	86
Cash and cash equivalents	276,699	18	156,720	11
Total balance sheet exposures	1,546,393	100	1,415,346	100
Sagicor Global Balanced Fund				
Due from related parties	43,221	-	72,676	-
Due from parent company	105,365	-	200,220	1
Accounts receivable	4,197,759	11	596,489	1
Debt securities	26,042,407	69	22,423,452	55
Loans and receivables	-	-	754,504	2
Cash and cash equivalents	7,344,309	20	17,053,540	41
Total balance sheet exposures	37,733,061	100	41,100,881	100
Sagicor Preferred Income Fund				
Due from related parties	306,028	1	145,126	1
Due from parent company	5,177	-	17,428	-
Accounts receivable	534,036	2	41,183	-
Debt securities	28,677,563	86	23,288,976	84
Loans and receivables	1,410,174	4	758,020	3
Cash and cash equivalents	2,408,675	7	3,378,120	12
Total balance sheet exposures	33,341,653	100	27,628,853	100

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued

7.1 Credit risk (continued)

	2010		2009	
	$	%	$	%
Sagicor Select Growth Fund				
Due from related parties	1,213	-	5,733	-
Due from parent company	213,783	2	213,783	2
Accounts receivable	1,168,902	14	-	
Debt securities	4,118,242	48	3,557,023	27
Loans and receivables	-	-	900,429	7
Cash and cash equivalents	3,058,545	36	8,265,233	64
Total balance sheet exposures	8,560,685	100	12,942,201	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 Funds' 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)

	2010 $	2009 $
Sagicor Funds Incorporated		
Debt securities:		
Government of Barbados debenture denominated in		
Barbados dollars (rated BBB by Standard and Poors)	1,269,694	1,218,612
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in Barbados dollars		
(rated BBB- by Standard and Poors)	11,694,592	9,799,326
Government of Curacao debt securities denominated in		
Netherland Antilles Florins (rated AAA by Standard and Poors)	5,794,866	5,187,394
Government of St. Kitts and Nevis debt securities denominated in		
United States dollars (unrated)	-	598,285
Simpson Finance Limited debt securities denominated in		
Barbados dollars (unrated)	1,835,904	1,957,635
Gillani Limited debt securities denominated in		
Eastern Caribbean dollars (unrated)	1,544,751	1,536,763
AIC Barbados debt securities denominated in		
United States dollars (unrated)	1,188,964	1,203,326
Government of Aruba debt securities denominated in		
United States dollars (rated A- by Standard and Poors)	746,995	625,159
United States Treasury note – denominated in		
United States dollars (rated AAA by Standard and Poors)	858,476	-
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated A- by Standard and Poors)	640,625	1,672,119
Morgan Stanley (unrated)	2,770,083	12,223,540
Oppenheimer & Co. Inc (unrated)	1,925,783	2,023,091
Pan Caribbean (unrated)	-	1,035,312
FirstCaribbean International Bank (unrated)	710,623	-
Bank of Montreal (rated A+ by Standard and Poors)	571,354	-
Maudro and Curiel's Bank N.V. (unrated)	725,283	-

7. FINANCIAL RISK (continued)

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

Sagicor Preferred Income Fund

Debt securities:		
Government of Dominican Republic debt securities denominated in United States dollars (rated B by Standard and Poors)	761,538	649,254
Government of Barbados debt securities denominated in United States dollars (rated BBB- by Standard and Poors)	2,018,336	-
Government of Barbados debt securities denominated in Barbados dollars (rated BBB- by Standard and Poors)	14,798,797	9,211,622
Government of Curacao debt securities denominated in Netherland Antilles Florins (rated AAA by Standard and Poors)	923,045	938,733
Government of Bahamas debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,069,263	-
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	2,788,108	2,867,075
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,223,936	1,305,090
Princess Juliana debt securities denominated in United States dollars (unrated)	1,462,060	1,610,157
Government of Peru debt securities denominated in United States dollars (unrated)	-	751,151
Government of Aruba debt securities denominated in United states dollars (rated A- by Standard and Poors)	746,995	625,159
Arawak Cement Company debt securities denominated in Barbados dollars (unrated)	-	1,399,739
Cap Cana SA (unrated)	796,710	758,020
Digicel Barbados Ltd. denominated in United States dollars (unrated)	-	1,012,126
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated A- by Standard and Poors)	1,188,544	691,519
Oppenheimer & Co Inc. (unrated)	900,839	356,942
FirstCaribbean International Bank (unrated)	503,160	749,563
Morgan Stanley (unrated)	429,596	428,960
RBTT Bank (Barbados) Ltd. (unrated)	-	1,151,137

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

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

Sagicor Select Growth Fund		
Debt securities:		
Government of Barbados debt securities - denominated in		
Barbados dollars (rated BBB- by Standard and Poors)	270,440	274,224
Simpson Finance Limited - denominated in		
Barbados dollars (unrated)	1,274,933	1,359,469
United States Treasury note - denominated in		
United States dollars (rated AAA by Standard and Poors)	2,209,304	1,805,694
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated A- by Standard and Poors)	155,661	427,659
Oppenheimer & Co Inc.(unrated)	818,775	1,595,168
Morgan Stanley (unrated)	1,622,392	5,618,994
RBTT Bank Barbados Ltd. (unrated)	461,718	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, 2010	**Change in fair value**	**Attributable to credit risk**
	$	**$**
Sagicor Global Balanced Fund	2,818,529	(201,279)
Sagicor Preferred Income Fund	413,919	(1,396,315)
Sagicor Select Growth Fund	313,046	(31,732)

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 is adversely impacted is when amounts are past due, when the borrower is experiencing cash flow difficulties, or when the borrower's credit rating has been downgraded.

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 Funds' net asset value per share at the time of redemption calculated in accordance with the Funds' constitution.

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

(a) Financial liabilities

An analysis of financial liabilities by remaining contract maturities for 2010 and 2009, 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.

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.2 Liquidity risk (continued)

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

	Due within 1 year	Due within 1 and 5 years	Due after 5 years	Total
	$	$	$	$
As of September 30, 2010				
Sagicor Funds Incorporated	-	-	1,269,694	1,269,694
Sagicor Global Balanced Fund	3,125,177	7,823,155	15,094,075	26,042,407
Sagicor Preferred Income Fund	2,351,491	8,588,757	18,534,026	29,474,274
Sagicor Select Growth Fund	36,556	3,823,617	258,069	4,118,242
Total	5,513,224	20,235,529	35,155,864	60,904,617
As of September 30, 2009				
Sagicor Funds Incorporated	-	-	1,218,612	1,218,612
Sagicor Global Balanced Fund	646,133	8,998,739	12,778,580	22,423,452
Sagicor Preferred Income Fund	1,620,389	8,085,200	14,341,407	24,046,996
Sagicor Select Growth Fund	4,298	3,492,728	59,997	3,557,023
Total	2,270,820	20,576,667	28,398,596	51,246,083

7.3 Interest rate risk

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

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

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

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

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

(a) Financial liabilities

All the Funds' financial liabilities are non-interest bearing for 2010 and 2009.

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

(b) Financial assets

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

	Interest bearing	Non-interest bearing	Total
	$	$	$
As of September 30, 2010			
Sagicor Funds Incorporated	-	276,699	276,699
Sagicor Global Balanced Fund	5,421,707	1,922,602	7,344,309
Sagicor Preferred Income Fund	1,732,502	676,173	2,408,675
Sagicor Select Growth Fund	2,902,884	155,661	3,058,545
All Funds	10,057,093	3,031,135	13,088,228
As of September 30, 2009			
Sagicor Funds Incorporated	-	156,720	156,720
Sagicor Global Balanced Fund	15,963,919	1,089,621	17,053,540
Sagicor Preferred Income Fund	2,189,801	1,188,319	3,378,120
Sagicor Select Growth Fund	8,140,889	124,344	8,265,233
All Funds	26,294,609	2,559,004	28,853,613

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

	2010		2009	
	Deposits	Debt securities	Deposits	Debt securities
Sagicor Funds Incorporated	0.0%	7.6%	0.0%	6.5%
Sagicor Global Balanced Fund	5.6%	6.8%	9.5%	5.3%
Sagicor Preferred Income Fund	3.5%	7.1%	2.2%	5.6%
Sagicor Select Growth Fund	3.3%	3.7%	3.5%	4.4%

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

Sensitivity

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

	2010 $	2009 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through income	26,042,407	22,423,452
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(1,117,186)	(701,705)
Sagicor Preferred Income Fund		
Total debt securities at fair value through income	28,677,563	24,046,996
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(1,220,664)	(770,022)
Sagicor Select Growth Fund		
Total debt securities at fair value through income	4,118,242	3,557,023
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(114,794)	(45,784)

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. Assets denominated in currencies other than Barbados dollars are principally cash and investments. All other assets and liabilities are primarily denominated in Barbados dollars.

Sagicor Funds Incorporated

	Balances denominated in						
	Barbados	Jamaica	Trinidad	EC	US	Other currencies	Total 2010
	$	$	$	$	$	$	$
As of September 30, 2010							
Assets	1,546,393	-	-	-	-	-	1,546,393
Liabilties	-	-	-	-	-	-	-
Net position	1,546,393	-	-	-	-	-	1,546,393
As of September 30, 2009							
Assets	1,415,346	-	-	-	-	-	1,415,346
Liabilities	-	-	-	-	-	-	-
Net position	1,415,346	-	-	-	-	-	1,415,346

For the year ended September 30, 2010 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, 2010							
Assets	32,847,362	4,408,064	1,670,497	2,934,345	28,366,155	6,727,067	76,953,490
Liabilties	(963,142)	-	-	-	-	-	(963,142)
Net assets attributable to fund shareholders	31,884,220	4,408,064	1,670,497	2,934,345	28,366,155	6,727,067	75,990,348
As of September 30, 2009							
Assets	34,501,032	3,814,902	1,823,052	2,798,452	27,040,014	5,574,115	75,551,567
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

For the year ended September 30, 2010 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 September 30, 2010							
Assets	18,908,585	-	-	227,144	13,732,879	923,045	33,791,653
Liabilities	(35,571)	-	-	-	-	-	(35,571)
Net assets attributable to fund shareholders	18,873,014	-	-	227,144	13,732,879	923,045	33,756,082
As of September 30, 2009							
Assets	13,931,622	-	-	926,314	12,693,744	938,733	28,490,413
Liabilities	(50,258)	-	-	-	-	-	(50,258)
Net assets attributable to fund shareholders	13,881,364	-	-	926,314	12,693,744	938,733	28,440,155

For the year ended September 30, 2010 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 September 30, 2010							
Assets	9,050,513	-	2,761,142	-	17,241,039	-	29,052,694
Liabilities	(58,514)	-	-	-	-	-	(58,514)
Net assets attributable to fund shareholders	8,991,999	-	2,761,142	-	17,241,039	-	28,994,180
As of September 30, 2009							
Assets	11,077,493	-	3,182,515	-	15,875,383	-	30,135,391
Liabilities	(49,038)	-	-	-	-	-	(49,038)
Net assets attributable to fund shareholders	11,028,455	-	3,182,515	-	15,875,383	-	30,086,353

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, 2010 are considered in the following table.

Sagicor Global Balanced Fund

	2010 $	2009 $
Financial investments denominated in JMD	4,408,064	3,814,902
Effect of a 5% depreciation as of end of year/period	(220,403)	(190,745)

For the year ended September 30, 2010 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 Funds' investments in equity securities. The Funds manage this risk by holding a diversified portfolio.

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

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

	2010		2009	
	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	20,767,823	(1,038,391)	26,455,914	(1,322,796)
Listed on US stock exchanges and markets:				
Quoted	18,090,246	(904,512)	7,125,038	(356,252)
Alternative investments	362,360	(18,118)	869,734	(43,487)
	39,220,429	(1,961,021)	34,450,686	(1,722,535)
Sagicor Preferred Income Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	450,000	(22,500)	861,560	(43,078)
	450,000	(22,500)	861,560	(43,078)

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	2010		2009	
	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	8,265,004	(413,250)	10,778,404	(538,920)
Listed on US stock exchanges and markets:				
Quoted	12,122,875	(606,144)	6,179,463	(308,973)
Alternative investments	104,130	(5,207)	235,323	(11,766)
	20,492,009	(1,024,601)	17,193,190	(859,659)

The following table shows financial instruments recorded at fair value as at September 30, 2010, 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).

Global Balanced Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2010				
Fixed income securities	2,760,488	23,281,919	-	26,042,407
Equity investments	38,858,069	-	-	38,858,069
Alternative investments	-	-	362,360	362,360
	41,618,557	23,281,919	362,360	65,262,836
As of September 30, 2009				
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

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Preferred Income Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2010				
Fixed income securities	5,690,157	22,987,406	-	28,677,563
Equity investments	450,000	-	-	450,000
Loans and receivables	1,410,174	-	-	1,410,174
	7,550,331	22,987,406	-	30,537,737
As of September 30, 2009				
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

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2010				
Fixed income securities	2,572,868	1,545,374	-	4,118,242
Equity investments	20,387,879	-	-	20,387,879
Alternative investments	-	-	104,130	104,130
	22,960,747	1,545,374	104,130	24,610,251
As of September 30, 2009				
Fixed income securities	1,598,384	1,958,639	-	3,557,023
Equity investments	16,957,867	-	-	16,957,867
Alternative investments	-	-	235,323	104,130
Loans and receivables	900,429	-	-	900,429
	19,456,680	1,958,639	235,323	21,650,642

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

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 – December 31, 2008				
	13,817,691	369,844	6,680,615	20,868,150
Purchases	663,916	-	229,261	893,177
Disposals	(14,914,824)	(457116)	(7,638,083)	(23,010,023)
Gain	1,302,951	87,272	963,530	2,353,753
Balance – September 30, 2009	869,734	-	235,323	1,105,057
Purchases	3,423	-	1,135	4,558
Disposals	(528,494)	-	(165,402)	(693,896)
Gain	17,697	-	33,074	50,771
Balance – September 30, 2010	362,360	-	104,130	466,940

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.

8. ACCOUNTS PAYABLE

	2010 $	2009 $
Sagicor Global Balanced Fund		
Redemptions payable	7,034	17,409
Gift certificates	-	400
Other	488,246	488,246
	495,280	506,055

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

8. ACCOUNTS PAYABLE (continued)

	2010 $	2009 $
Sagicor Preferred Income Fund		
Redemptions payable	250	-
Other	2,768	18,949
	3,018	18,949
Sagicor Select Growth Fund		
Redemptions payable	281	1,317
Gift certificates	-	900
Other	7,300	20,480
	7,581	22,697
Total Funds accounts payable	505,879	547,701

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.

	2010 $	2009 $
Issued:		
1,000,0000 (2009 – 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.

For the year ended September 30, 2010 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

	2010 $	2009 $
Sagicor Funds Incorporated		
Debt securities	91,460	71,767
Sagicor Global Balanced Fund		
Debt securities	1,595,662	1,178,884
Deposits	62,739	181,541
	1,658,401	1,360,425
Sagicor Preferred Income Fund		
Debt securities	1,803,576	1,239,076
Deposits	41,690	15,391
	1,845,266	1,254,467
Sagicor Select Growth Fund		
Debt securities	140,580	150,207
Deposits	37,292	77,641
	177,872	227,848
Total Funds interest income	3,772,999	2,914,507

For the year ended September 30, 2010 Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME (continued)

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

	2010 $	2009 $
Sagicor Funds Incorporated		
Debt securities	51,082	119,559
Sagicor Global Balanced Fund		
Debt securities	726,032	642,309
Equities	(7,352)	79,648
Foreign exchange losses	-	(24,481)
	718,680	697,476
Sagicor Preferred Income Fund		
Debt securities	376,081	2,203,976
Equities	(111,524)	(39,613)
Foreign exchange losses	(4,127)	-
	260,430	2,164,363
Sagicor Select Growth Fund		
Debt securities	34,106	(24,206)
Equities	(46,547)	513,324
	(12,441)	489,118
Total Funds net gains on financial investments	1,017,751	3,470,516

Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2010 $	2009 $
Sagicor Global Balanced Fund		
Management fee	1,322,369	950,135
Custodian fee	188,909	135,734
Sagicor Preferred Income Fund		
Management fee	239,060	145,558
Custodian fee	79,687	48,519
Sagicor Select Growth Fund		
Management fee	221,458	160,539
Custodian fee	73,820	53,513

(b) Shares held by related parties

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

	2010 $	2009 $
Sagicor Global Balanced Fund		
Sagicor Life Inc		
Number of Shares held at September 30	4,679,327	4,679,327
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