Sagicor

SAGICOR FUNDS INCORPORATED ANNUAL REPORT 2011

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

With over 170 years of investment experience, Sagicor offers an expertise in wealth and risk management that few fund companies can match. Our Stakeholders benefit from knowledgeable Investment Managers providing wise financial advice through the provision of affordable, diversified investment products.

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

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

Before beginning,
plan carefully.

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:	$2.09
NET ASSETS:	$71,972,475
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:	$1.07
NET ASSETS:	$37,178,813
MANAGEMENT FEE:	0.75% per annum of the net assets of the Fund
CUSTODIAN FEE:	0.25% per annum of the net assets of the Fund
INITIAL CHARGES:	2.00%
INVESTMENT ADVISERS:	Sagicor Asset Management Inc (SAMI)
INVESTMENT MANAGER:	Sagicor Asset Management Inc (SAMI)
CUSTODIAN:	Sagicor Life Inc. Maduro & Curiel's Bank NV
FUND VALUATIONS:	Weekly on Fridays
NAV QUOTATIONS:	Local Newspapers

INVESTMENT OBJECTIVES

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

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

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Select Growth Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.05
NET ASSETS:	$28,196,882
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

The Sagicor Select Growth Fund and Sagicor Preferred Income Fund were launched in December 2004, bringing two new exciting products to Shareholders. The Select Growth Fund, or "Fund of Funds mutual fund", provided long-term growth for investors concerned about moderating the associated risks, whilst the Preferred Income Fund was tailored to investors seeking a total return by investing for a high level of current income.

Whatever
good things we build,
end up building us

DR M. PATRICIA DOWNES-GRANT

CHAIRMAN

CHAIRMAN'S REPORT

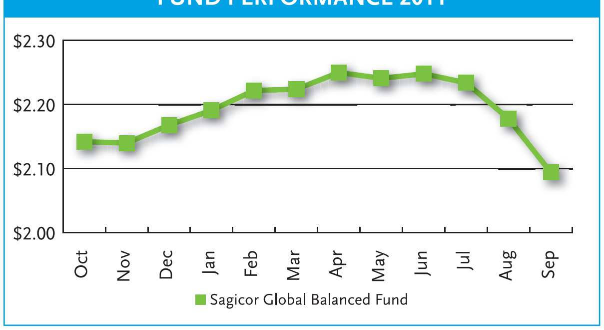
Global growth remained constrained during 2011 and market conditions fluctuated as evidenced by numerous natural, political, and economic shocks which adversely affected the global financial marketplace. Fears of a splintering European Union and further ratings downgrades of the United States sparked global concerns about future economic growth in the developed world. Lackluster business sentiment resulted in higher than average unemployment levels across the globe. Confidence increased somewhat during the latter half of the year, but still remained at historic lows. At the end of the financial period, global credit conditions remained tight and the international equity and debt markets exhibited volatility.

The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund decreased 1.4% and 1.9% respectively for the year. The Sagicor Preferred Income Fund increased 2.5% including dividend income distributions. Growth was constrained amidst the volotile economic environment that significantly impacted financial markets worldwide. Weakness in the international equity markets hindered aggregate growth during the period. Mixed economic signals, led by declining employment figures and the threat of a double dip recession negatively affected investor sentiment causing a flight to safety.

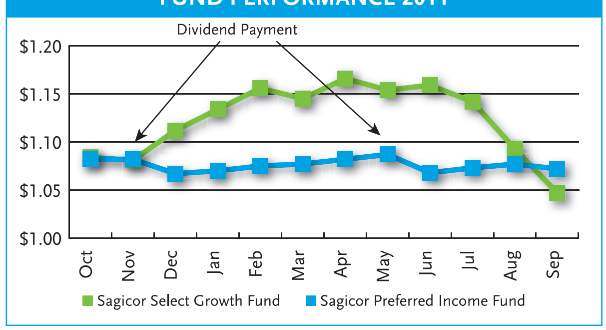
During the year the US Federal Open Market Committee (FOMC) instituted a program to extend the average maturity of its holdings of securities. The Committee maintained its existing policies of reinvesting principal payments from its holdings of debt and mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction.

The Committee also decided to keep the target range for the Federal Funds Rate at 0.00% to 0.25% and currently anticipates that economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium run, were likely to warrant exceptionally low levels for the Federal Funds Rate at least through mid-2013.

FUND PERFORMANCE 2011



FUND PERFORMANCE 2011



The European Sovereign Debt Crisis deepened during the year creating concerns that the European Union and the Euro may collapse before the end of 2011. Negative trade imbalances in many of the major European nations coupled with rising government debt balances precipitated negative outlooks and sovereign downgrades by the credit ratings agencies. The international markets declined during the third quarter of the year spurred on by the US credit ratings downgrade and weakness in Europe. During the quarter exchanges in the region remained significantly illiquid.

The Barbados economy declined 0.5% in 2011 despite increased tourism arrivals figures. Lackluster visitor spending yielded less foreign exchange in 2011 than in the previous year. Depressed revenues in the international business and financial industries sectors continued to hamper economic growth while higher overall global commodity prices have increased the national import bill. Many construction projects remained stalled and public sector debt increased significantly during the year. Unemployment rose to 12.1%.

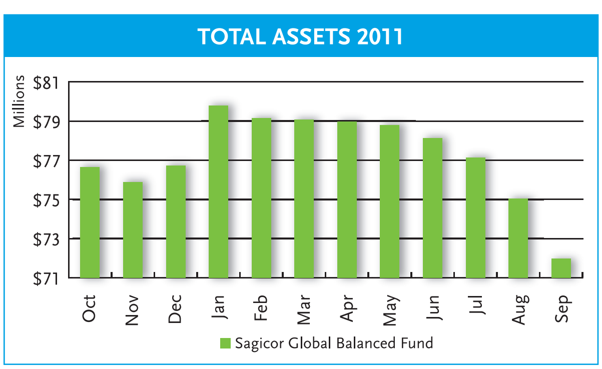
Commercial bank lending has increased slightly since 2010 with little change in the interest rates over the year. The 3-month Treasury bill rate increased to 3.40% from 3.35% at the end of the period in 2010. The minimum deposit rate and the five-year savings bond rate remained at 2.5% and 5.5% respectively.

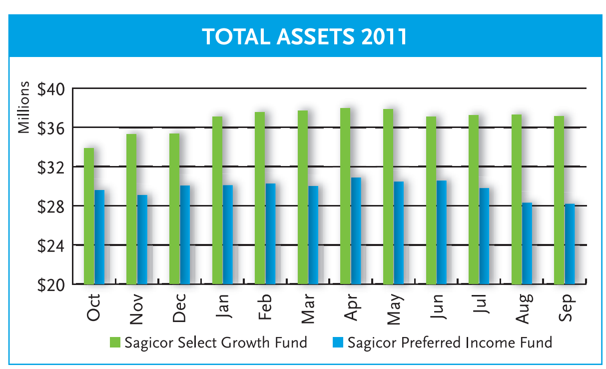
In Trinidad, credit conditions have continued to improve steadily although economic activity particularly in the non-energy remains lethargic. In the face of significant liquidity, short term interest rates have declined with the three-month Treasury bill rate declining to 0.25% at the end of September. Inflationary pressures had been restrained in the latter part of the year and credit conditions improved as well. The repo rate remained at 3.00%.

Regionally, the year was characterized by mixed returns on the regional exchanges. The Jamaica Stock Exchange (JSE) and the Trinidad Stock Exchange (TSE) increased 3.6% and 4.1% respectively while the Barbados Stock Exchange declined 0.9% for the third quarter of 2011. For the first nine months of 2010, the indices posted positive performances with Jamaica and Barbados increasing by 7.6% and 8.9% and Trinidad recording the best relative performance increasing by 18.4%.

The performance of the Sagicor Funds was in the median range of their peer group. The main detractors from growth of the Funds were the underperformance of the international equities. Local equities rallied during the first quarter of 2011 providing temporary relief in the midst of an otherwise declining outlook. The Sagicor Preferred Income Fund recorded moderate growth of 2.5% during the year and paid dividends of 1.60 cents and 2.13 cents in November 2010 and May 2011 respectively.

Dr M Patricia Downes-Grant
Chairman





INVESTMENT REPORT

The global economy slowed markedly as fiscal strains in the Euro Area, especially in Ireland and Portugal and, more recently, Greece, Spain and Italy, increased financial volatility and weighed heavily on market and investor confidence. The fiscal crisis spread from debt and currency markets to the European banking system, increasing the prospects for a prolonged economic slowdown in the Euro Area.

In the United States, the economic situation moderately improved. While third quarter reports from the Bureau of Economic Analysis noted that the US recession was far deeper than previously reported, unemployment numbers and other key metrics started to improve by the end of the year. The main challenges to economic stability in the United States were household balance sheets which continued to restrain the pick-up in US domestic demand, the rising concerns about debt sustainability in Europe, and the political difficulty of reaching agreement on an appropriate debt reduction plan. These issues led credit rating agencies to downgrade the sovereign ratings of the US and several European countries in August and September.

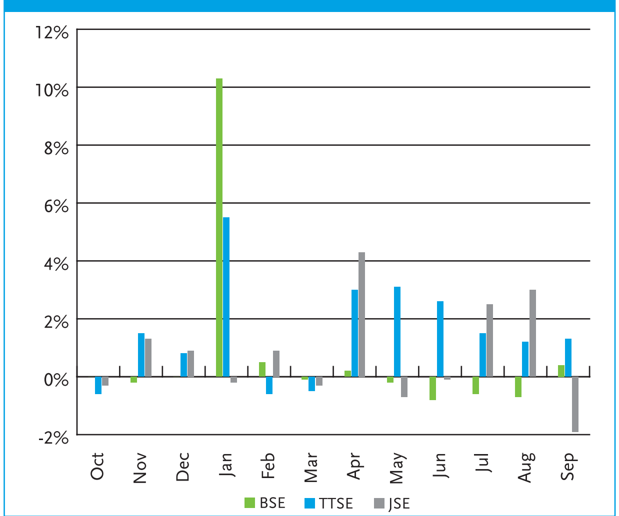
Consistent with its statutory mandate, the US Federal Open market Committee sought to foster maximum employment and price stability. The Committee expected a moderate pace of economic growth over coming quarters and consequently anticipated that the unemployment rate would decline gradually toward levels that were judged to be consistent with its dual mandate. The unemployment rate slipped to 8.6% at the end of the third quarter after averaging 9.0% for most of the year. The Committee also anticipated that inflation would moderate, over coming quarters, at levels at or below those consistent with its mandate.

The target range for the Federal Funds Rate remained at 0.00% to 0.25% and it was anticipated that economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium run, was likely to warrant exceptionally low levels for the Federal Funds Rate at least through mid-2013. In September 2011, the World Economic Outlook lowered global growth in 2011 to 4.0%, down from the previous projection of 4.3%.

The Standard and Poors 500 showed significant declines in the third quarter of 2010 and erased previous gains in the first and second quarters to record losses of 5.1% and 3.5% for the quarter to date and year to date period respectively. The Standard and Poors ended the quarter ended September 30, 2011 at a price of 1,253.30 down 5.1% from the previous quarter's ending price of 1,320.64. The NASDAQ index's quarter end price was 2,684.41 and the Dow Jones Industrial Average ended the quarter at 11,955.01. They both ended the year to date period in positive territory with gains of 1.2% and 3.3% respectively. Weak third quarter returns were resultant on the downgrade of US sovereign debt to AA+ ratings as well as the downgrades of several countries in Europe. The flight to safety dominated the global financial markets keeping treasury interest rates low. In Europe the German Index (DAX) lost 16.4% for the quarter.

In China the Shanghai Composite Index (HSI) declined 12.2% and 14.6% for the third quarter and the year to date period respectively. This represented an overall weakening in the market as growth in the BRIC nations slowed due to diminished demand between themselves as well as declining trade with the US and Europe. The Nikkei 225 index decreased by 8.4% during the quarter and declined 12.1% for the year to date period.

REGIONAL STOCK INDICIES 2011



The performance of regional markets contrasted global equity markets. The Caribbean was adversely affected by the unfavorable conditions that persisted in the international markets. Declining tourism and foreign direct investment receipts were the main detractors from growth. Returns on the regional equity markets for 2011 were varied amidst slow economic growth. The third quarter was characterized by increasing prices on the regional exchanges though and low trading activity. The Barbados, Jamaica and the Trinidad Stock indices increased 8.9%, 7.6% and 18.4% respectively for the year to date period ended September 30, 2011. For the quarter Jamaica, Barbados and the Trinidad Stock indices posited mixed performances with Barbados decreasing by 0.9% while Jamaica and Trinidad increased by 3.6% and 4.1% respectively. The regional stock markets remain hampered by the lack of active participants and liquidity constraints.

The aggregate assets in the Funds stood at $139.2 million in assets at the end of September 2011, down 1.3% from their total assets in 2010. Net loss for the Funds stood at $1.4 million down from $2.1 million for the year in 2010. Interest income accounted for 67.6% of revenues and provided the greatest contribution to revenue in 2011. Global instability in the third quarter of 2011 coupled with weaker than expected economic data were the main detractors from growth for the year. Global financial markets continued to be in turmoil with modest economic recovery occurring within the developed and developing markets, as such, the Funds continued to be closely monitored and reallocated as deemed appropriate to abate systemic risk and volatility on the international exchanges.

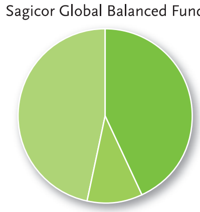
The Sagicor Global Balanced Fund decreased by 1.4% in 2011 to end the year with a net asset value per share of $2.09. Global declines in the international equities resulted in diminished returns in the international portfolios which warranted a conservative approach to the riskier equity asset classes to moderate the impact of the Fund from the adverse conditions prevailing in the equity markets. Therefore, the Fund's exposure to equity securities was decreased to 54.5% of investments. The Fixed Income asset class increased modestly to 40.8% while the alternative investments portfolio declined to 4.7%. The total assets of the Sagicor Global Balanced Fund amounted to $72.2 million at the end of the period, a decrease of $4.7 million from the total assets at the end of 2010. Net investment income for 2011 stood at $2.2 million as compared to $3.4 million reported at the end of the previous year. Interest income which remained the primary contributor to revenue for the year totaled $1.8 million for the year, up from $1.7 million in 2010. During the period, the regional portfolios yielded positive returns which buttressed the Fund against the declining international equity portfolio.

The Sagicor Select Growth Fund declined 1.9% for the period ended September 30, 2011. The net asset value at the end of last year decreased to $1.05. Weakness in the global markets during the year detracted from gains in the Fund as significant losses persisted in the regional equity markets. During the year the Fund decreased its exposure to the equity assets in the international portfolio to reduce systemic risk in the international equity marketplace. Net investment income for 2011 stood at $25,827 as compared to $699,146 reported at the end of the previous year. The Fund has maintained a bias towards the equity markets albeit moderated due to the increased volatility. Stocks comprised 78.4% of assets, while 9.3% was attributable to fixed income securities and 12.3% of assets were held in cash and alternative investments. The total net assets of the Fund decreased by 1.9% and totaled $28.2 million in 2011. Dividend income was the primary contributor to revenues for the Fund and totaled $663,613 for the year. Total revenues were $25,827 for the year.

The Sagicor Preferred Income Fund increased by 2.5% for the period. The net asset value per share rose to $1.07 at the end of the year. Interest rate movement across the local and international markets remained subdued at unprecedented lows which continued to favor the valuation on fixed income holdings in the Fund. The fund paid a dividend of 2.30 cents on November 30, 2011. This payment follows a distribution of 2.13 cents per share in May 2011. 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. Our holdings of investment grade debt augur well for the long term stability of the Fund. Fixed income securities accounted for 93.3% of the Fund's investments while equities represented 1.3% of all investments. The remaining assets were allocated to deposits and cash and amounted to 5.4% of the portfolio. The net assets of the Fund were recorded at $37.2 million at the end of September 2011. Net investment income was reported at $1.6 million for the year. Interest income was the primary contributor to revenues for the Fund and totaled $2.2 million for the year.

GEOGRAPHICAL ALLOCATION 2011

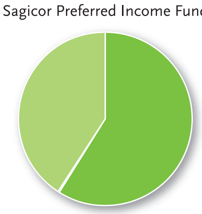
Sagicor Global Balanced Fund



Local	43.2%
Regional	10.4%
International	46.4%

GEOGRAPHICAL ALLOCATION 2011

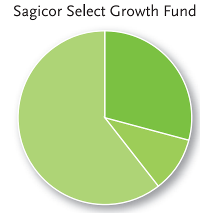
Sagicor Preferred Income Fund



Local	58.9%
Regional	0.3%
International	40.8%

GEOGRAPHICAL ALLOCATION 2011

Sagicor Select Growth Fund



Local	29.3%
Regional	10.3%
International	60.5%

CONCLUSION

Global economic conditions in the short term are expected to be tumultuous. The Eurozone imbalances continue to imply a prolonged period of subdued growth. In the US, political stalemate in the run-up to the Presidential elections is likely to postpone effective policy action, setting the stage for another year of anemic growth and continued high unemployment. The on-going financial turbulence in the Euro Area and the continued softening of the US economy could lead to a possible double-dip recession on both continents.

Many of the emerging market economies (including Brazil, Mexico and Peru) that are enjoying high rates of growth in the current volatile global environment, have been able to do so because of sizeable buffers achieved through prudent fiscal policies, low public debt and adequate savings. In short, these countries have established strong fundamentals, sound policy frameworks and prudent macro-economic policies. These environments will provide the impetus for growth in 2012 as the Developed World wrestles with their macro-economic and sovereign crises.

The mutual funds remain positioned to take advantage of long term growth while remaining moderately defensive in the event of a protracted decline. Weak growth in the international markets is expected to continue through 2012 and into mid-2013. However we remain cautiously optimistic with respect to new opportunities and value despite the prevailing conditions.

Dr M Patricia Downes-Grant
Chairman

Dr Grenville Phillips
Director

In 2009, the Barbados economy was experiencing decline in real economic activity, due to the contagion effect of global economic recession. However, in spite of this, and amidst the worst global depression in 100 years, the Sagicor Preferred Income Fund returned an outstanding 13.6%. Today, Sagicor continues to be proactive in managing its portfolio during uncertain times, and remains poised to take advantage of the opportunities to enhance shareholder value.

The world isn't interested in the storms you encountered, but whether or not you brought in the ship.

DIRECTORS, SECRETARY, AUDITORS and BANKERS

DIRECTORS	Dr Patricia Downes-Grant 7A Edghill Heights St Thomas, Barbados
	Donald Austin 111 Welches Terrace St Thomas, Barbados
	J. Edward Clarke 10 Pangola Court Frere Pilgrim Christ Church, Barbados
	Dr Grenville Phillips 9 Emerald Ridge Mullins St Peter, Barbados
	David Wright Annex 2A,Dayrells Heights Dayrells,St Michael, Barbados
	Keston Howell 2 La Estancia Drive 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
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Charlton Sargeant
Suleman Nana, BA, CLU, LUTCF

UNIT MANAGERS

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Patrick Estwick, CLU
Wayne Alleyne, LUTCF

ADVISORS

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Margaret Matthews
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Marilyn Rice-Bowen, LUTCF
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Merle Billy, LUTCF, ACS
Moranda Rawlins
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Nicole Johnson
Nigel Harper, LUTCF
Olvin Forde, LUTCF
Packer Inc (Charles Packer) (SSA)
Pamela Johnson-Cave, LUTCF
Philip Kellman
Ralph Best (SSA)
Randolph Charles
Reuben Brathwaite (SSA)
Rhonda Robinson-Archer
Richard Bynoe
Roderick Nurse
Rodney Brathwaite, LUTCF
Rodney R. Davis
Roger Eversley
Rommel Sobers (SSA)
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Roxanne Clarke
Rudo Catlin
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Tremayne Austin, LUTCF
Trevor Mapp

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Vaughn Cozier
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Wendell Phillips
Wycliffe E. Worrell
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INCORPORATED AND RETIRED ADVISORS

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C. Shirley Clarke, CLU
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Clyde Brome , CLU
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Duncan Parris
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Rommell Marshall (R Marshall Insurance)
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Vere Griffith
Winston Johnson, Snr

OTHER REGISTERED PERSONS

Anthony Kirton
Ken Marshall
Michael Wills

Today, mutual funds remain the preferred choice of investment instrument for pension planning, providing excellent returns over the long run, while providing diversification by allowing clients to invest locally, regionally and internationally.

A good plan is like a map: it shows the final destination and the best way to get there.

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, 2011, the statements of comprehensive loss, changes in net assets attributable to fund shareholders, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagicor Funds Incorporated as of September 30, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

CHARTERED ACCOUNTANTS
December 21, 2011
Barbados

Statement of Financial Position

As of September 30, 2011

Sagicor Funds Incorporated

Amounts expressed in Barbados Dollars

	Notes	2011	Restated [Note 2.12] 2010	Restated [Note 2.12] 2009
		$	$	$
ASSETS				
Due from related parties	4	19,613	22,320	85,296
Due from parent company	4	610,591	324,323	431,430
Accounts receivable	5	269,566	5,900,697	677,686
Financial investments	6	128,885,755	121,680,518	105,406,452
Cash and cash equivalents		9,462,286	13,088,228	28,853,613
Total assets		139,247,811	141,016,086	135,454,477
LIABILITIES				
Due to related parties	4	203,445	194,745	99,575
Due to parent company	4	28,917	28,463	26,954
Accounts payable	8	67,217	505,879	547,701
Total liabilities (excluding those attibutable to fund shareholders)		299,579	729,087	674,230
Net assets attributable to fund shareholders	9	137,348,166	138,740,606	133,364,901
Total liabilities		137,647,745	139,469,693	134,039,131
EQUITY				
Common shares	10	1,000,000	1,000,000	1,000,000
Retained earnings		600,066	546,393	415,346
Total equity		1,600,066	1,546,393	1,415,346
Total liabilities and equity		139,247,811	141,016,086	135,454,477

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on December 21, 2011

Chairman

Director

As of September 30, 2011 Amounts expressed in Barbados Dollars

	2011		2010	
	Number of shares	Amount	Number of shares	Restated Amount
		$		$
Net assets attributable to fund shareholders at beginning of year	94,377,790	138,740,606	91,073,755	133,364,901
Proceeds from issue of shares	10,827,965	14,023,560	12,443,078	15,421,532
Redemption of shares	(9,231,334)	(13,984,572)	(9,139,043)	(12,166,494)
Net increase from share transactions	1,596,631	38,988	3,304,035	3,255,038
(Decrease)/increase in net assets attributable to fund shareholders from operations	-	(1,431,428)	-	2,120,667
Net assets attributable to fund shareholders at end of year	95,974,421	137,348,166	94,377,790	138,740,606

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	Common Shares $	Retained Earnings $	Total $
Balance at September 30, 2009	1,000,000	415,346	1 415,346
Net income for the year	-	131,047	131,047
Balance at September 30, 2010	1,000,000	546,393	1,546,393
Net income for the year	-	53,673	53,673
Balance at September 30, 2011	1,000,000	600,066	1,600,066

The accompanying notes form an integral part of these financial statements

For the year ended September 30, 2011 | Amounts expressed in Barbados Dollars

	Notes	2011 $	Restated [Note 2.12] 2010 $
REVENUE			
Interest income	11	4,266,832	3,772,999
Dividend income		2,048,478	1,619,834
Net (losses)/gains on financial investments	11	(2,467,390)	1,017,751
		3,847,920	6,410,584
EXPENSES			
Management fee	12	1,851,713	1,782,887
Custodian fee	12	360,037	342,416
Other expenses		1,459,056	248,428
		3,670,806	2,373,731
INCOME ON ORDINARY ACTIVITIES		177,114	4,036,853
FINANCE COSTS			
Distribution to fund shareholders		(1,260,499)	(1,569,593)
(LOSS) INCOME BEFORE WITHHOLDING TAXES		(1,083,385)	2,467,260
Withholding taxes		(294,370)	(215,546)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME		(1,377,755)	2,251,714
ATTRIBUTABLE TO:			
FUND SHAREHOLDERS		(1,431,428)	2,120,667
EQUITY HOLDER OF THE FUNDS		53,673	131,047
		(1,377,755)	2,251,714

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	2011	Restated [Note 2.12] 2010
	$	$
Cash flows from operating activities		
(Decrease)/increase in net assets arttibutable to fund shareholders from operations and net (loss)/income for the year	(1,377,755)	2,251,714
Adjustments for:		
Interest income	(4,266,832)	(3,772,999)
Dividend income	(2,048,478)	(1,619,834)
(Gain)/loss on sale of investments	(4,236,427)	2,574,698
Net unrealised losses/(gains) on financial investments	6,683,705	(3,596,576)
	(5,245,787)	(4,162,997)
Changes in operating assets and liabilities		
Due from related parties	2,707	62,976
Due from parent company	(286,268)	107,107
Accounts receivable	5,631,131	(5,223,011)
Due to related parties	8,700	95,170
Due to parent company	454	1,509
Accounts payable	(438,662)	(41,822)
Net cash used in operating activities	(327,725)	(9,161,068)
Cash flows from investing activities		
Purchase of financial investments	(70,977,104)	(63,585,573)
Net proceeds on sale of financial investments	61,372,210	48,466,072
Interest received	4,219,211	3,640,312
Dividends received	2,048,478	1,619,834
Net cash used in investing activities	(3,337,205)	(9,859,355)
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	14,023,560	15,421,532
Redemption of shares	(13,984,572)	(12,166,494)
Net cash from financing activities	38,988	3,255,038
Net decrease in cash and cash equivalents c/fwd	(3,625,942)	(15,765,385)

Amounts expressed in Barbados Dollars

		Restated [Note 2.12]
	2011	**2010**
	$	**$**
Net decrease in cash and cash equivalents b/fwd	(3,625,942)	(15,765,385)
Cash and cash equivalents - beginning of year	13,088,228	28,853,613
Cash and cash equivalents - end of year	9,462,286	13,088,228
Cash and cash equivalents:		
Cash resources	9,289,104	12,224,443
Call deposits	173,182	863,785
	9,462,286	13,088,228

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	Notes	2011 $	2010 Restated [Note 2.12] $	2009 Restated [Note 2.12] $
ASSETS				
Due from related parties	4	24,478	43,221	72,676
Due from parent company	4	343,174	105,365	200,220
Accounts receivable	5	119,573	4,197,759	596,489
Financial investments	6	67,337,739	65,262,836	57,628,642
Cash and cash equivalents		4,354,304	7,344,309	17,053,540
Total assets		72,179,268	76,953,490	75,551,567
LIABILITIES				
Due to related parties	4	183,315	452,164	191,886
Due to parent company	4	15,258	15,698	15,229
Accounts payable	8	8,220	495,280	506,055
Total liabilities (excluding those attibutable to fund shareholders)		206,793	963,142	713,170
Net assets attributable to fund shareholders	9	71,972,475	75,990,348	74,838,397
Total liabilities		72,179,268	76,953,490	75,551,567
No. of redeemable Global Balanced Fund shares outstanding at end of year		34,366,910	35,819,956	36,060,882
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		2.09	2.12	2.08
(Decrease)/increase in net asset value per redeemable Sagicor Global Balanced Fund share at end of year		-1.4%	1.9%	3.0%

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on December 21, 2011

Chairman

Director

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

	2011		2010	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year	35,819,956	75,990,348	36,060,882	74,838,397
Proceeds from issue of shares	1,832,539	3,993,677	2,154,716	4,463,371
Redemption of shares	(3,285,585)	(7,213,736)	(2,395,642)	(4,975,134)
Net decrease from share transactions	(1,453,046)	(3,220,059)	(240,926)	(511,763)
(Decrease)/increase in net assets attributable to fund shareholders from operations	-	(797,814)	-	1,663,714
Balance at end of year	34,366,910	71,972,475	35,819,956	75,990,348

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	Notes	2011 $	2010 $
REVENUE			
Interest income	11	1,814,498	1,658,401
Dividend income		1,369,833	1,070,257
Net (losses)/gains on financial investments	11	(1,029,091)	718,680
		2,155,240	3,447,338
EXPENSES			
Management fee	12	1,350,303	1,322,369
Custodian fee	12	192,900	188,909
Other expenses		1,283,450	171,238
		2,826,653	1,682,516
(LOSS)/INCOME ON ORDINARY ACTIVITIES		(671,413)	1,764,822
Withholding taxes		(126,401)	(101,108)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME		(797,814)	1,663,714

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	2011 $	2010 $
Cash flows from operating activities		
(Decrease)/increase in net assets arttibutable to fund shareholders		
from operations and net (loss)/income for the year	(797,814)	1,663,714
Adjustments for:		
Interest income	(1,814,498)	(1,658,401)
Dividend income	(1,369,833)	(1,070,257)
(Gain)/loss on sale of financial investments	(2,751,923)	2,099,849
Net unrealised losses/(gains) on financial investments	3,780,989	(2,818,529)
	(2,953,079)	(1,783,624)
Changes in operating assets and liabilities		
Due from related parties	18,743	29,455
Due from parent company	(237,809)	94,855
Accounts receivable	4,078,186	(3,601,270)
Due to related parties	(268,849)	260,278
Due to parent company	(440)	469
Accounts payable	(487,060)	(10,775)
Net cash from/(used in) in operating activities	149,692	(5,010,612)
Cash flows from investing activities		
Purchase of financial investments	(38,534,053)	(29,455,534)
Net proceeds on sale of financial investments	35,397,517	22,562,256
Interest received	1,847,065	1,636,165
Dividends received	1,369,833	1,070,257
Net cash from/(used in) investing activities	80,362	(4,186,856)
Cash flows from financing activities		
Proceeds from issue of shares	3,993,677	4,463,371
Redemption of shares	(7,213,736)	(4,975,134)
Net cash used in financing activities	(3,220,059)	(511,763)
Net decrease in cash and cash equivalents c/fwd	(2,990,005)	(9,709,231)

Amounts expressed in Barbados Dollars

	2011 $	2010 $
Net decrease in cash and cash equivalents b/fwd	(2,990,005)	(9,709,231)
Cash and cash equivalents - beginning of year	7,344,309	17,053,540
Cash and cash equivalents - end of year	4,354,304	7,344,309
Cash and cash equivalents:		
Cash resources	4,354,304	7,344,309

The accompanying notes form an integral part of these financial statements

As of September 30, 2011 Amounts expressed in Barbados Dollars

	Notes	2011 $	2010 Restated [Note 2.12] $	2009 Restated [Note 2.12] $
ASSETS				
Due from related parties	4	32,295	306,028	145,126
Due from parent company	4	53,636	5,177	17,428
Accounts receivable	5	149,993	534,036	41,183
Financial investments	6	35,495,846	30,537,737	24,908,556
Cash and cash equivalents		1,495,263	2,408,675	3,378,120
Total assets		37,227,033	33,791,653	28,490,413
LIABILITIES				
Due to related parties	4	40,041	25,711	25,744
Due to parent company	4	7,691	6,842	5,565
Accounts payable	8	488	3,018	18,949
Total liabilities (excluding those attibutable to fund shareholders)		48,220	35,571	50,258
Net assets attributable to fund shareholders	9	37,178,813	33,756,082	28,440,155
Total liabilities		37,227,033	33,791,653	28,490,413
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		34,689,017	31,348,911	26,477,670
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		1.07	1.08	1.07
(Decrease)/increase in net asset value per redeemable Sagicor Preferred Income Fund at end of year		-0.9%	0.9%	9.2%

The accompanying notes form an integral part of these financial statements
Approved by the Board of Directors on December 21, 2011

Chairman Director

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

	2011		2010	
				Restated
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	31,348,911	33,756,082	26,477,670	28,440,155
Proceeds fom issue of shares	6,048,449	6,724,680	7,511,765	8,006,850
Redemption of shares	(2,708,343)	(3,139,748)	(2,640,524)	(2,851,744)
Net increase from share transactions	3,340,106	3,584,932	4,871,241	5,155,106
(Decrease)/increase in net assets attributable to fund shareholders from operations	-	(162,201)	-	160,821
Balance at end of year	34,689,017	37,178,813	31,348,911	33,756,082

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	Notes	2011	Restated [Note 2.12] 2010
		$	$
REVENUE			
Interest income	11	2,205,432	1,845,266
Dividend income		15,032	15,862
Net (losses)/gains on financial investments	11	(618,836)	260,430
		1,601,628	2,121,558
EXPENSES			
Management fee	12	273,099	239,060
Custodian fee	12	91,033	79,687
Other expenses/(income)		6,713	(11,916)
		370,845	306,831
INCOME ON ORDINARY ACTIVITIES		1,230,783	1,814,727
FINANCE COSTS			
Distribution to fund shareholders		(1,260,499)	(1,569,593)
(LOSS)/INCOME BEFORE WITHHOLDING TAXES		(29,716)	245,134
Withholding taxes		(132,485)	(84,313)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME		(162,201)	160,821

The accompanying notes form an integral part of these financial statements

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

	Notes	2011 $	Restated [Note 2.12] 2010 $
Cash flows from operating activities			
(Decrease)/increase in net assets arttibutable to fund shareholders from operations and net (loss)/income for the year		(162,201)	160,821
Adjustments for:			
Interest income		(2,205,432)	(1,845,266)
Dividend income		(15,032)	(15,862)
Loss on sale of financial investments		76,614	149,362
Net unrealised losses/(gains) on financial investments		542,221	(413,919)
		(1,763,830)	(1,964,864)
Changes in operating assets and liabilities			
Due from related parties		273,733	(160,902)
Due from parent company		(48,459)	12,251
Accounts receivable		384,043	(492,853)
Due to related parties		14,330	(33)
Due to parent company		849	1,277
Accounts payable		(2,530)	(15,931)
Net cash used in operating activities		(1,141,864)	(2,621,055)
Cash flows from investing activities			
Purchase of financial investments		(13,543,799)	(20,954,804)
Net proceeds on sale of financial investments		8,041,700	15,706,694
Interest received		2,130,587	1,728,752
Dividends received		15,032	15,862
Net cash used in investing activities		(3,356,480)	(3,503,496)
Cash flows from financing activities			
Proceeds from issue of shares		6,724,680	8,006,850
Redemption of shares		(3,139,748)	(2,851,744)
Net cash from financing activities		3,584,932	5,155,106
Net decrease in cash and cash equivalents c/fwd		(913,412)	(969,445)

Amounts expressed in Barbados Dollars

	Notes	2011	Restated [Note 2.12] 2010
		$	$
Net decrease in cash and cash equivalents b/fwd		(913,412)	(969,445)
Cash and cash equivalents - beginning of year		2,408,675	3,378,120
Cash and cash equivalents - end of year		1,495,263	2,408,675
Cash and cash equivalents:			
Cash resources		1,495,263	2,006,608
Call deposits		-	402,067
		1,495,263	2,408,675

The accompanying notes form an integral part of these financial statements

As of September 30, 2011 Amounts expressed in Barbados Dollars

	Notes	2011	2010 Restated [Note 2.12]	2009 Restated [Note 2.12]
		$	$	$
ASSETS				
Due from related parties	4	8,645	1,213	5,733
Due from parent company	4	213,783	213,783	213,783
Accounts receivable	5	-	1,168,902	-
Financial investments	6	24,608,711	24,610,251	21,650,642
Cash and cash equivalents		3,451,140	3,058,545	8,265,233
Total assets		28,282,279	29,052,694	30,135,391
LIABILITIES				
Due to related parties	4	20,922	45,012	20,182
Due to parent company	4	5,966	5,921	6,159
Accounts payable	8	58,509	7,581	22,697
Total liabilities (excluding those attibutable to fund shareholders)		85,397	58,514	49,036
Net assets attributable to fund shareholders	9	28,196,882	28,994,180	30,086,353
Total liabilities		28,282,279	29,052,694	30,135,391
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		26,918,494	27,208,923	28,535,203
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		1.05	1.07	1.05
(Decrease)/increase in net asset value per redeemable Sagicor Select Growth Fund share at end of year		-1.9%	1.9%	2.9%

The accompanying notes form an integral part of these financial statements
Approved by the Board of Directors on December 21, 2011

Chairman Director

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

	2011		2010	
				Restated
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	27,208,923	28,994,180	28,535,203	30,086,353
Proceeds from issue of shares	2,946,977	3,305,203	2,776,597	2,951,311
Redemption of shares	(3,237,406)	(3,631,088)	(4,102,877)	(4,339,616)
Net decrease from share transactions	(290,429)	(325,885)	(1,326,280)	(1,388,305)
(Decrease)/increase in net assets attributable to fund shareholders from operations	-	(471,413)	-	296,132
Balance at end of year	26,918,494	28,196,882	27,208,923	28,994,180

The accompanying notes form an integral part of these financial statements

Amounts expressed in Barbados Dollars

	Notes	2011	2010
		$	$
REVENUE			
Interest income	11	152,128	177,872
Dividend income		663,613	533,715
Net losses on financial investments	11	(789,914)	(12,441)
		25,827	699,146
EXPENSES			
Management fee	12	228,311	221,458
Custodian fee	12	76,104	73,820
Other expenses		168,774	89,044
		473,189	384,322
(LOSS)/INCOME ON ORDINARY ACTIVITIES		(447,362)	314,824
Withholding taxes		(24,051)	(18,692)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME		(471,413)	296,132

The accompanying notes form an integral part of these financial statements

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

	Notes	2011	2010
		$	$
Cash flows from operating activities			
(Decrease)/increase in net assets arttibutable to fund shareholders			
from operations and net (loss)/income for the year		(471,413)	296,132
Adjustments for:			
Interest income		(152,128)	(177,872)
Dividend income		(663,613)	(533,715)
(Gain)/loss on sale of financial investments		(1,561,118)	325,487
Net unrealised losses/(gains) on financial investments		2,330,946	(313,046)
		(517,326)	(403,014)
Changes in operating assets and liabilities			
Due from related parties		(7,432)	4,520
Accounts receivable		1,168,902	(1,168,902)
Due to related parties		(24,090)	24,830
Due to parent company		45	(238)
Accounts payable		50,928	(15,116)
Net cash from/(used in) operating activities		671,027	(1,557,920)
Cash flows from investing activities			
Purchase of financial investments		(18,699,252)	(13,175,235)
Net proceeds on sale of financial investments		17,932,993	10,197,122
Interest received		150,099	183,935
Dividends received		663,613	533,715
Net cash from/(used in) investing activities		47,453	(2,260,463)
Cash flows from financing activities			
Proceeds from issue of shares		3,305,203	2,951,311
Redemption of shares		(3,631,088)	(4,339,616)
Net cash used in financing activities		(325,885)	(1,388,305)
Net increase/(decrease) in cash and cash equivalents c/fwd		392,595	(5,206,688)

Amounts expressed in Barbados Dollars

	Notes	2011	2010
		$	$
Net increase/(decrease) in cash and cash equivalents b/fwd		392,595	(5,206,688)
Cash and cash equivalents - beginning of year		3,058,545	8,265,233
Cash and cash equivalents - end of year		3,451,140	3,058,545
Cash and cash equivalents comprise:			
Cash resources		3,277,958	2,596,827
Call deposits		173,182	461,718
		3,451,140	3,058,545

The accompanying notes form an integral part of these financial statements

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. These amendments had no impact on the the financial position or performance of the Funds.

IFRS 2 Share-based Payment (Revised)
IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (issued in May 2010)

(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 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
IAS 12 Income Taxes – Recovery of Underlying Assets
IAS 19 Employee Benefits (Amendment)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Future changes in accounting policies (continued)

IAS 24 Related Party Disclosures (Amendment)
IAS 27 Separate Financial Statements (as revised in 2011)
IAS 28 Investments in Associates and Joint Ventures (as revised 2011)
IFRS 7 Financial Instruments Disclosures – Enhanced Derecognition Disclosure Requirements
IFRS 9 Financial Instruments: Classification and Measurement
IFRS 10 Consolidated Financial Statements/ IFRS 11 Joint arrangements/ IFRS 12 Disclosure of Interests in Other Entities
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Involvement with Other Entities
IFRS 13 Fair Value Measurement
IFRIC 14 Prepayments of minimum funding requirement (Amendment)

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	
	2011 closing rate	**2011 average rate**	**2010 closing rate**	**2010 average rate**
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	43.07	42.84	42.97	43.98
Trinidad & Tobago dollar	3.21	3.20	3.16	3.17
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. Since redeemable Fund shares are regarded as a liability (Note 2.12), distributions are treated as an expense in the determination of net income for the year.

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

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

In the prior year, the Company classified its redeemable participating shares as equity. In the current year, the Directors determined that these instruments are better classified as liabilities. Accordingly, the Funds have reclassified an amount of $138,740,606 (2009; $133,364,901) from equity to financial liabilities. The net income for the year ended December 31, 2010, previously reported as $3,821,307 was reduced to $2,251,714 by deducting distributions to SPIF fund shareholders of $1,569,593 previously reported as a movement in equity. Net assets available to redeemable fund shareholders and net asset values per redeemable fund shares remained unchanged.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Fair value of financial instruments

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

3.2 Impairment of financial assets

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

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

For the year ended September 30, 2011 | Amounts expressed in Barbados Dollars

4. RELATED PARTY BALANCES

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

5. ACCOUNTS RECEIVABLE

	2011 $	2010 $
Sagicor Global Balanced Fund		
Unsettled trades	17,196	4,194,710
Other	102,377	3,049
	119,573	4,197,759
Sagicor Preferred Income Fund		
Unsettled trades	117,000	534,036
Other	32,993	-
	149,993	534,036
Sagicor Select Growth Fund		
Unsettled trades	-	1,168,902
Total Funds accounts receivable	269,566	5,900,697

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2011 $	2010 $
Sagicor Funds Incorporated		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	1,240,145	1,269,694
Loans and receivables:		
Deposits – at cost	203,314	-
Total Sagicor Funds Incorporated financial investments	1,443,459	1,269,694

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

Sagicor Global Balanced Fund

	2011 $	2010 $
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	22,928,516	20,317,771
Corporate debt securities	4,574,742	5,724,636
	27,503,258	26,042,407
Other:		
Quoted equity securities	36,712,847	38,858,069
Alternative investments	3,121,634	362,360
	39,834,481	39,220,429
Total Sagicor Global Balanced Fund's financial investments	67,337,739	65,262,836

Sagicor Preferred Income Fund

	2011 $	2010 $
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	28,654,803	24,620,605
Corporate debt securities	4,460,968	4,056,958
	33,115,771	28,677,563
Other:		
Quoted equity securities	450,000	450,000
Loans and receivables:		
Corporate debt securities	839,889	796,711
Deposits – at cost	1,090,186	613,463
	1,930,075	1,410,174
Total Sagicor Preferred Income Fund's financial investments	35,495,846	30,537,737

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

	2011 $	2010 $
Sagicor Select Growth Fund		
Securities at fair value through income:		
Fixed income securities:		
Government debt securities	708,671	2,479,744
Corporate debt securities	1,586,193	1,638,498
	2,294,864	4,118,242
Other:		
Quoted equity securities	19,285,876	20,387,879
Alternative investments	1,762,844	104,130
	21,048,720	20,492,009
Loans and receivables:		
Deposits – at cost	1,265,127	-
Total Sagicor Select Growth Fund's financial investments	24,608,711	24,610,251
Total Funds financial investments	128,885,755	121,680,518

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, 2011 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.

	2011		2010	
	$	%	$	%
Sagicor Funds Incorporated				
Debt securities	1,240,145	77	1,269,694	82
Loans and receivables	203,314	13	-	-
Cash and cash equivalents	161,579	10	276,699	18
Total balance sheet exposures	1,605,038	100	1,546,393	100
Sagicor Global Balanced Fund				
Due from related parties	24,478	-	43,221	-
Due from parent company	343,174	1	105,365	-
Accounts receivable	119,573	-	4,197,759	11
Debt securities	27,503,258	85	26,042,407	69
Cash and cash equivalents	4,354,304	14	7,344,309	20
Total balance sheet exposures	32,344,787	100	37,733,061	100

	2011		2010	
	$	%	$	%
Sagicor Preferred Income Fund				
Due from related parties	32,295	-	306,028	1
Due from parent company	53,636	-	5,177	-
Accounts receivable	149,993	1	534,036	2
Debt securities	33,115,771	90	28,677,563	86
Loans and receivables	1,930,075	5	1,410,174	4
Cash and cash equivalents	1,495,263	4	2,408,675	7
Total balance sheet exposures	36,777,033	100	33,341,653	100

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued

7.1 Credit risk (continued)

	2011		2010	
	$	%	$	%
Sagicor Select Growth Fund				
Due from related parties	8,645	-	1,213	-
Due from parent company	213,783	3	213,783	2
Accounts receivable	-	-	1,168,902	14
Debt securities	2,294,864	32	4,118,242	48
Loans and receivables	1,265,127	17	-	-
Cash and cash equivalents	3,451,140	48	3,058,545	36
Total balance sheet exposures	7,233,559	100	8,560,685	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 Credit risk (continued)

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

	2011 $	2010 $
Sagicor Funds Incorporated		
Debt securities:		
Government of Barbados debenture denominated in Barbados dollars (rated BBB- by Standard and Poors)	1,240,145	1,269,694
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated BBB+ by Standard and Poors)	161,579	276,699
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in Barbados dollars (rated BBB- by Standard and Poors)	14,530,557	11,694,592
Government of Curacao debt securities denominated in Netherland Antilles Florins (unrated)	5,203,515	5,794,866
Simpson Finance Limited debt securities denominated in Barbados dollars (rated BBB- by Standard and Poors)	1,840,890	1,835,904
Gillani Limited debt securities denominated in Eastern Caribbean dollars (unrated)	-	1,544,751
AIC Barbados debt securities denominated in United States dollars (unrated)	1,182,136	1,188,964
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,185,489	746,995
United States Treasury note – denominated in United States dollars (rated AAA by Standard and Poors)	742,666	858,476
C Kersten & Co. N.V. debt securities denominated in United States dollars (unrated)	760,534	-
Deposits and cash resources:		
Butterfield Bank (Barbados) Ltd (rated BBB+ by Standard and Poors)	985,841	640,625
Morgan Stanley (rated AA+ by Standard and Poors)	1,439,925	2,770,083
Oppenheimer & Co. Inc (unrated)	1,067,845	1,925,783
CIBC FirstCaribbean International Bank (unrated)	255,371	710,623
Bank of Montreal (unrated)	173,457	571,354
Maudro and Curiel's Bank N.V. (unrated)	431,543	725,283

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

Sagicor Preferred Income Fund

Debt securities:

Government of Barbados debt securities denominated in		
United States dollars (rated BBB- by Standard and Poors)	2,548,916	2,018,336
Government of Barbados debt securities denominated in		
Barbados dollars (rated BBB- by Standard and Poors)	18,863,157	14,798,797
Government of Curacao debt securities denominated in		
Netherland Antilles Florins (unrated)	888,773	923,045
Government of Bahamas debt securities denominated in		
United States dollars (rated BBB+ by Standard and Poors)	1,132,597	1,069,263
Government of St. Kitts and Nevis debt securities denominated in		
United States dollars (unrated)	2,073,501	2,788,108
Simpson Finance Limited debt securities denominated in		
Barbados dollars (rated BBB- by Standard and Poors)	1,227,260	1,223,936
Princess Juliana debt securities denominated in		
United States dollars (unrated)	1,247,728	1,462,060
Government of Aruba debt securities denominated in		
United states dollars (rated BBB+ by Standard and Poors)	1,229,819	746,995
Cap Cana SA (unrated)	839,889	796,710

Deposits and cash resources:

Butterfield Bank (Barbados) Ltd (rated BBB+ by Standard and Poors)	1,293,278	1,188,544
Oppenheimer & Co Inc. (unrated)	797,651	900,839
CIBC FirstCaribbean International Bank (unrated)	64,437	503,160
Morgan Stanley (rated AA+ by Standard and Poors)	430,082	429,596

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit 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)	262,941	270,440
Simpson Finance Limited - denominated in		
Barbados dollars (rated BBB- by Standard and Poors)	1,278,396	1,274,933
United States Treasury note - denominated in		
United States dollars (rated AAA by Standard and Poors)	342,263	2,209,304

Deposits and cash resources:

Butterfield Bank (Barbados) Ltd (rated BBB+ by Standard and Poors)	527,921	155,661
Oppenheimer & Co Inc.(unrated)	2,488,349	818,775
Morgan Stanley (rated AA+ by Standard and Poors)	718,717	1,622,392
RBTT Bank Barbados Ltd. (unrated)	473,286	461,718
CIBC FirstCaribbean International Bank (unrated)	507,995	-

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, 2011	Change in fair value $	Attributable to credit risk $
Sagicor Global Balanced Fund	(3,780,989))	(546,019)
Sagicor Preferred Income Fund	(542,221)	(1,809,155)
Sagicor Select Growth Fund	(2,330,946)	(20,553)

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.

Amounts expressed in Barbados Dollars

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 2011 and 2010, indicate that all the Funds' financial liabilities are due within one year or payable on demand.

(b) Financial assets

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

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

	Due within 1 year $	Due within 1 and 5 years $	Due after 5 years $	Total $
As of September 30, 2011				
Sagicor Funds Incorporated	-	-	1,240,145	1,240,145
Sagicor Global Balanced Fund	1,547,934	8,143,097	17,812,227	27,503,258
Sagicor Preferred Income Fund	4,040,433	8,675,039	21,240,188	33,955,660
Sagicor Select Growth Fund	382,192	1,615,440	297,232	2,294,864
Total	5,970,559	18,433,576	40,589,792	64,993,927
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

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk

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

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

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

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

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

(a) Financial liabilities

All the Funds' financial liabilities are non-interest bearing for 2011 and 2010.

(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, 2011			
Sagicor Funds Incorporated	-	161,579	161,579
Sagicor Global Balanced Fund	2,939,635	1,414,669	4,354,304
Sagicor Preferred Income Fund	1,227,734	267,529	1,495,263
Sagicor Select Growth Fund	3,380,248	70,892	3,451,140
All Funds	7,547,617	1,914,669	9,462,286
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

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.3 Interest rate risk (continued)

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

	2011		2010	
	Deposits	Debt securities	Deposits	Debt securities
Sagicor Funds Incorporated	3.4%	7.6%	0.0%	7.6%
Sagicor Global Balanced Fund	0.0%	6.9%	5.6%	6.8%
Sagicor Preferred Income Fund	4.4%	7.1%	3.5%	7.0%
Sagicor Select Growth Fund	3.4%	3.8%	3.3%	3.7%

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.

	2011 $	2010 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through income	27,503,258	26,042,407
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(1,039,751)	(1,117,186)
Sagicor Preferred Income Fund		
Total debt securities at fair value through income	33,115,771	28,677,563
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(856,987)	(1,220,664)
Sagicor Select Growth Fund		
Total debt securities at fair value through income	2,294,864	4,118,242
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(59,825)	(114,794)

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 $
As of September 30, 2011							
Assets	1,605,038	-	-	-	-	-	1,605,038
Liabilties	(4,972)	-	-	-	-	-	(4,972)
Net position	1,600,066	-	-	-	-	-	1,600,066
As of September 30, 2010							
Assets	1,546,393	-	-	-	-	-	1,546,393
Liabilities	-	-	-	-	-	-	-
Net position	1,546,393	-	-	-	-	-	1,546,393

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, 2011							
Assets	31,266,330	4,932,607	1,719,993	848,843	27,574,002	5,837,493	72,179,268
Liabilties	(206,793)	-	-	-	-	-	(206,793)
Net assets attributable to fund shareholders	31,059,537	4,932,607	1,719,993	848,843	27,574,002	5,837,493	71,972,475
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
Liabilities	(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

Sagicor Preferred Income Fund

	Balances denominated in						
	Barbados $	Jamaica $	Trinidad $	EC $	US $	Other currencies $	Total $
As of September 30, 2011							
Assets	21,934,306	-	-	117,901	14,286,053	888,773	37,227,033
Liabilities	(48,220)	-	-	-	-	-	(48,220)
Net assets attributable to fund shareholders	21,886,086	-	-	117,901	14,286,053	888,773	37,178,813
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

For the year ended September 30, 2011 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, 2011							
Assets	8,334,956	-	2,900,185	-	17,047,138	-	28,282,279
Liabilities	(85,397)	-	-	-	-	-	(85,397)
Net assets attributable to fund shareholders	8,249,559	-	2,900,185	-	17,047,138	-	28,196,882
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

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, 2011 are considered in the following table.

Sagicor Global Balanced Fund

	2011 $	2010 $
Financial investments denominated in JMD	4,932,607	4,408,064
Effect of a 5% depreciation as of end of year	(246,630)	(220,403)

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.

	2011		2010	
	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	20,630,588	(1,031,529)	20,767,823	(1,038,391)
Listed on US stock exchanges and markets:				
Quoted	16,082,259	(804,113)	18,090,246	(904,512)
Alternative investments	3,121,634	(156,082)	362,360	(18,118)
	39,834,481	(1,991,724)	39,220,429	(1,961,021)
Sagicor Preferred Income Fund				
Equity securities:				
Listed on Caribbean stock exchanges and markets	450,000	(22,500)	450,000	(22,500)
	450,000	(22,500)	450,000	(22,500)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	2011		2010	
	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	7,962,175	(398,109)	8,265,004	(413,250)
Listed on US stock exchanges and markets:				
Quoted	11,323,701	(566,185)	12,122,875	(606,144)
Alternative investments	1,762,844	(88,142)	104,130	(5,207)
	21,048,720	(1,052,436)	20,492,009	(1,024,601)

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).

Sagicor Global Balanced Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2011				
Fixed income securities	-	27,503,258	-	27,503,258
Equity investments	36,712,847	-	-	36,712,847
Alternative investments	-	2,948,329	173,305	3,121,634
	36,712,847	30,451,587	173,305	67,337,739
As of September 30, 2010				
Fixed income securities	-	26,042,407	-	26,042,407
Equity investments	38,858,069	-	-	38,858,069
Alternative investments	-	-	362,360	362,360
	38,858,069	26,042,407	362,360	65,262,836

For the year ended September 30, 2011 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Sagicor Preferred Income Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2011				
Fixed income securities	-	33,115,771	-	33,115,771
Equity investments	450,000	-	-	450,000
Loans and receivables	1,930,075	-	-	1,930,075
	2,380,075	33,115,771	-	35,495,846
As of September 30, 2010				
Fixed income securities	-	28,677,563	-	28,677,563
Equity investments	450,000	-	-	450,000
	450,000	28,677,563	-	29,127,563

Sagicor Select Growth Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2011				
Fixed income securities	-	2,294,864	-	2,294,864
Equity investments	19,285,876	-	-	19,285,876
Alternative investments	-	1,714,180	48,664	1,762,844
Loans and receivables	1,265,127	-	-	1,265,127
	20,551,003	4,009,044	48,664	24,608,711
As of September 30, 2010				
Fixed income securities	-	4,118,242	-	4,118,242
Equity investments	20,387,879	-	-	20,387,879
Alternative investments	-	-	104,130	104,130
	20,387,879	4,118,242	104,130	24,610,251

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 $	SSGF $	Total $
Balance – December 31, 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	466,490
Disposals	(207,655)	(49,584)	(257,239)
Gain/(loss)	18,600	(5,882)	12,718
Balance – September 30, 2011	173,305	48,664	221,969

There were no transfers between categories during the period.

7.6 Fair value of financial instruments

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

8. ACCOUNTS PAYABLE

	2011 $	2010 $
Sagicor Global Balanced Fund		
Redemptions payable	8,220	7,034
Other	-	488,246
	8,220	495,280

Amounts expressed in Barbados Dollars

8. ACCOUNTS PAYABLE (continued)

	2011 $	2010 $
Sagicor Preferred Income Fund		
Redemptions payable	488	250
Other	-	2,768
	488	3,018
Sagicor Select Growth Fund		
Redemptions payable	1,415	281
Other	57,094	7,300
	58,509	7,581
Total Funds accounts payable	67,217	505,879

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.

	2011 $	2010 $
Issued:		
(2011 – 1,000,000) common shares	1,000,000	1,000,000

Capital management

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

The Funds' objectives for managing capital are:

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

Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME

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

(a) Interest income

	2011 $	2010 $
Sagicor Funds Incorporated		
Debt securities	91,460	91,460
Deposits	3,314	-
	94,774	91,460
Sagicor Global Balanced Fund		
Debt securities	1,781,889	1,595,662
Deposits	32,609	62,739
	1,814,498	1,658,401
Sagicor Preferred Income Fund		
Debt securities	2,161,130	1,803,576
Deposits	44,302	41,690
	2,205,432	1,845,266
Sagicor Select Growth Fund		
Debt securities	120,380	140,580
Deposits	31,748	37,292
	152,128	177,872
Total Funds interest income	4,266,832	3,772,999

Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME (continued)

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

	2011 $	2010 $
Sagicor Funds Incorporated		
Debt securities	(29,549)	51,082
Sagicor Global Balanced Fund		
Debt securities	(11,564)	726,032
Equities	(1,017,502)	(7,352)
Foreign exchange losses	(25)	-
	(1,029,091)	718,680
Sagicor Preferred Income Fund		
Debt securities	(618,835)	376,081
Equities	-	(111,524)
Foreign exchange losses	(1)	(4,127)
	(618,836)	260,430
Sagicor Select Growth Fund		
Debt securities	(35,328)	34,106
Equities	(734,500)	(46,547)
Foreign exchange losses	(20,086)	-
	(789,914)	(12,441)
Total Funds net (losses)/gains on financial investments	(2,467,390)	1,017,751

Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2011 $	2010 $
Sagicor Global Balanced Fund		
Management fee	1,350,303	1,322,369
Custodian fee	192,900	188,909
Sagicor Preferred Income Fund		
Management fee	273,099	239,060
Custodian fee	91,033	79,687
Sagicor Select Growth Fund		
Management fee	228,311	221,458
Custodian fee	76,104	73,820

(b) Shares held by related parties

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

	2011 $	2010 $
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 and Artwork: GENESIS Graphics
Pre-Press and Printing: COT Media Group