Sagicor

SAGICOR FUNDS INCORPORATED
ANNUAL REPORT 2012

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.

An investment
without objectives
is like a journey
without a destination

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:	$2.21
NET ASSETS:	$73,999,871
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 with the first ex-div date being December 1, 2005.

FUND NAME:	The Sagicor Funds Incorporated (Sagicor Preferred Income Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.04
NET ASSETS:	$35,215,695
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:	$1.16
NET ASSETS:	$28,822,840
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.

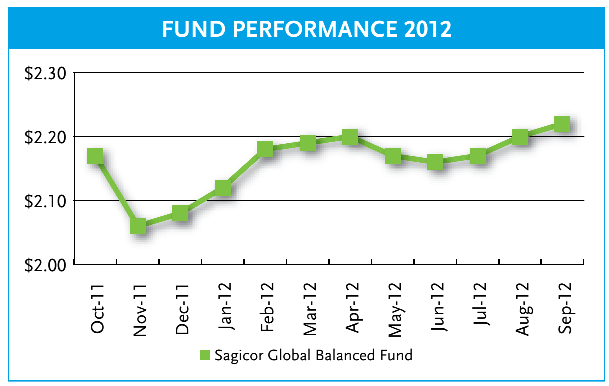
A wise man will make more opportunities than he finds.

DR M. PATRICIA DOWNES-GRANT

CHAIRMAN

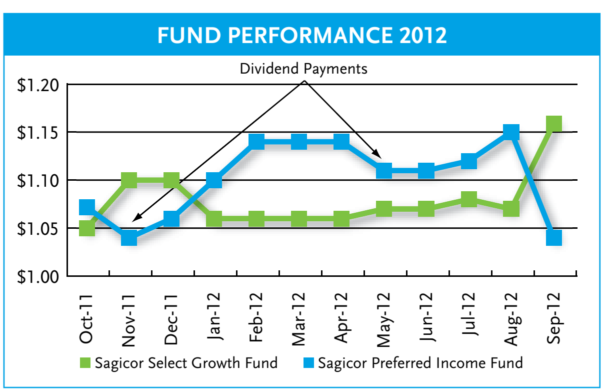
CHAIRMAN'S REPORT

The global economy experienced a moderate recovery from the financial crisis and recession. The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund gained 5.7% and 10.5% for the financial year respectively while the Sagicor Preferred Income Fund increased 1.8%, including dividend distribution, for the year. The investment performance of the Funds improved despite increased levels of volatility, negative economic reports from the European Union and tension in the Middle East. Inflation generally remained subdued. Consumer prices however fluctuated as the price of crude oil and other globally traded commodities were impacted by demand and climatic factors. The ebbs and flows in commodity prices had only transitory effects on the price levels and long-term expectations remained stable.



An evaluation of the condition of US financial markets and institutions suggested gradual but significant progress was achieved since the crisis. This was evidenced by the narrowing of credit spreads on corporate bonds and syndicated loans, and the recovery of equity prices. In addition, indicators of market stress and illiquidity such as spreads in short-term funding markets generally returned to levels pre-dating the crisis. One gauge of the overall improvement in financial markets, the National Financial Conditions Index, showed that financial conditions viewed as a whole, were now as accommodative as they were in the spring of 2007.

The Federal Reserve made known its intention to maintain its accommodative monetary stance through further Quantitative Easing (QE3) coupled with the extension of its bond buyback program dubbed "Operation Twist" for an indefinite period. These announcements though anticipated were well received by market participants and caused international equities to rally. The Federal Reserve kept the target range of 0.00% to 0.25% for the Federal Funds Rate unchanged and projected that this rate would be held at this current level until mid-2015.

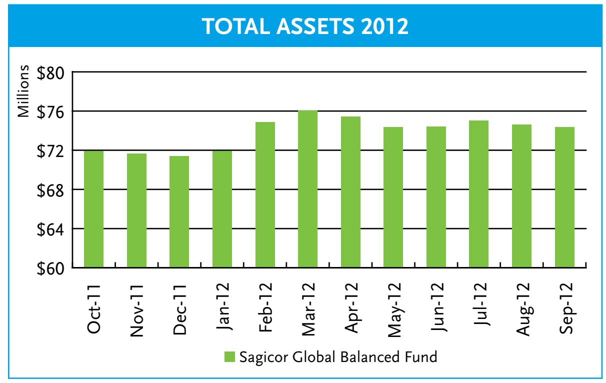


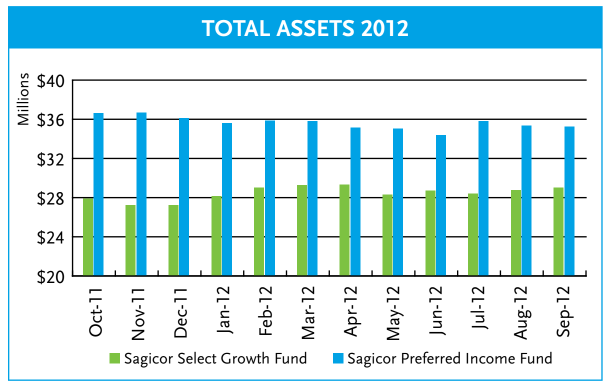
The policymakers in Europe took some important steps during the year, and in doing so alleviated some financial market tensions. In particular, the European Central Bank's new Outright Monetary Transactions program, under which it could purchase the sovereign debt of vulnerable euro-area countries, allayed some market concerns about those countries. European governments also took steps to strengthen their financial firewalls and move toward greater fiscal and banking union. Further improvements in global financial conditions remained dependent on the commitment of policymakers to these initiatives.

The overall weakness with the global economic recovery has stymied growth for the Barbados economy. The main drivers for the local economy remained heavily dependent on the developed markets, with Tourism providing the impetus for growth. Weakness in this sector negatively impacted Barbados, particularly during the second quarter. Other industries such as international business and financial services activities reported minor gains and construction had slight expansion. Even with these modest increases, the less than expected output in manufacturing and agriculture offset any gains that may have spurred growth in the economy.

A marginal rise in real economic output was expected for the remainder of 2012 and was dependent on the performance of the tourism sector. There was an expectation of growth in the construction industry due to continued private and public building ventures. However, it remains vital for the continuous investment in the foreign exchange sectors to realize sustainable economic growth in medium term.

Regionally, performances varied during the quarter. The Barbados Index fell by 0.2% during the third quarter and declined by 2.3% for the year to date period. The Trinidad and Tobago Stock Index increased by 4.0% for the quarter and continued to be the best regional performer for the year to date period with a return of 5.3%. The Jamaica Stock Index declined by 0.2% and 8.5% for the quarter and year-to-date period respectively. In Barbados, the three month Treasury bill rate increased to 3.52% and the six month Treasury bill rate grew to 3.55%. The Central Bank held the savings rate constant at 2.5%.

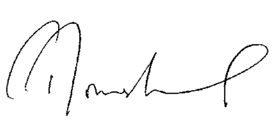




It is likely that further economic challenges will contribute to a tenuous investment climate, but we are confident about the prospects for growth ahead. The portfolios continue to benefit from a diversified investment strategy and global allocation. Enhanced strategic and tactical allocations through investment managers Morgan Stanley and Oppenheimer continue to reap beneficial results which are expected to continue into 2013.

We believe that even if in the midst of a prolonged crisis that there will be emergent opportunities, and as such we will position the funds to capitalize on new prospects. We will be prudent in our investment approach with a focus on the high availability sector of the market, as we execute a strategy consistent with preserving the stability of the funds.

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



Dr M Patricia Downes-Grant
Chairman

INVESTMENT REPORT

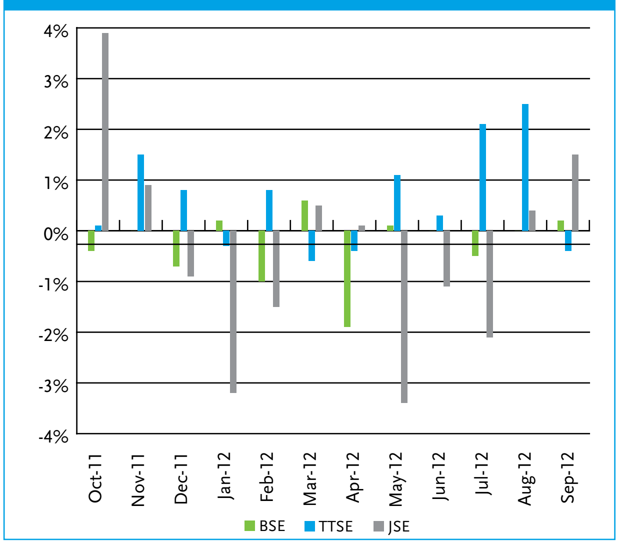
Global economic activity increase at a moderate pace during the year. The unemployment rate declined but still remained elevated. Consumer price inflation picked up, reflecting higher consumer energy costs, but longer-run inflation expectations remained stable.

In the US, the unemployment rate fell to 7.8%, and the labor force participation rate rose slightly. The share of workers employed part time for economic reasons was elevated, while the rate of long-duration unemployment edged down further but remained high. Short- and medium-term nominal Treasury yields ended up slightly, and long-term yields remained unchanged. The expected path of the Federal Funds rate was little changed for the year.

Real GDP growth in the near term was revised up relative to the previous projection due to the better-than-expected performance of consumer spending, residential construction, and the labor market. This offset the decline in business fixed investment and industrial production which were weaker than anticipated. With fiscal policy assumed to be tighter next year than this year, it is anticipated that real GDP growth would not materially exceed increases in potential output in 2013.

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-2015.

REGIONAL STOCK INDICIES 2012



During the year, the portfolios were restructured to capitalize on capital gains in the first half of the year as well as to mitigate against external risk. The international portfolios were tactically rebalanced to focus on a more conservative investing approach. This prudent management, along with the selective deployment of cash benefited the funds during the economic turbulence of the third quarter by providing much needed stability during the volatile periods.

Overseas investments through our managers Morgan Stanley and Oppenheimer provided the main drivers of growth for the Funds. These investments contrasted the lackluster equity and debt performance of the regional holdings. The international markets are expected to be the key drivers of growth into 2013. For the year to date period the Oppenheimer portfolios averaged 6.1% and the Morgan Stanley portfolios 9.3%.

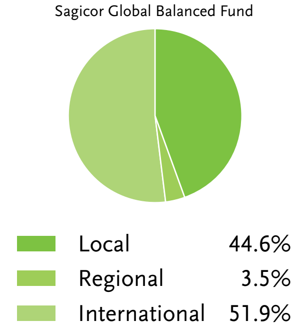
Broad equity price indexes were significantly higher, as gains and generally better-than-expected economic data releases were more than offset by concerns about corporate profitability. The Standard and Poors ended the year to date period ended September 30, 2012 at a price of 1,440.6 up 16.4% for the year. The NASDAQ index's price was 2,799.2 and the Dow Jones Industrial Average ended the quarter at 13,437.1. They both ended the year to date period in positive territory with gains of 23.9% and 12.2% respectively. Yields on investment-grade corporate bonds reached a record low level, and their spreads to yields on comparable-maturity Treasury securities narrowed on net. Yields and spreads on speculative-grade corporate bonds also decreased.

In China the Shanghai Composite Index (HSI) increased 16.9% for the year to date period. This represented an overall strengthening in the market as growth in the BRIC nations gained due to increased demand between them. The Nikkei 225 index and the German DAX increased by 6.9% and 23.1% respectively for the year to date period.

The performance of regional markets contrasted global equity markets. The Caribbean suffered from the effects of the unfavorable global economic conditions. Declining tourism and foreign direct investment receipts were the main detractors to growth. Returns on the

GEOGRAPHICAL ALLOCATION 2012

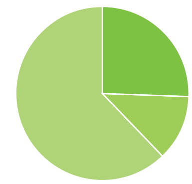
Sagicor Global Balanced Fund



regional equity markets for 2012 were varied amidst slow economic growth. The third quarter was characterized by increasing prices on the regional exchanges though accompanied by low trading activity. The Barbados and Jamaica stock indices declined by 2.3% and 8.5% respectively and the Trinidad Stock indices increased 5.3% for the year to date period ended September 30, 2012. The regional stock markets remain hampered by liquidity constraints.

GEOGRAPHICAL ALLOCATION 2012

Sagicor Select Growth Fund

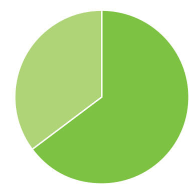


Local	25.6%
Regional	12.3%
International	62.1%

The aggregate assets in the Funds stood at $140.8 million in assets at the end of September 2012, up 1.1% from their total assets in 2011. Net income for the Funds stood at $5.8 million up from a loss of $1.4 million for the year in 2011. Net gains on financial investments accounted for 43.2% of revenues and provided the greatest contribution to revenue in 2012. Global financial markets continued to be volatile with modest economic recovery occurring within the developed and developing markets. Given the depth of the market volatility, the Funds were repositioned to protect them from the systemic risk in the equity markets. The Funds have pared exposure to weakening and underperforming markets while adopting a defensive position through exposure to high quality fixed income securities.

GEOGRAPHICAL ALLOCATION 2012

Sagicor Preferred Income Fund



Local	64.8%
Regional	0.1%
International	35.1 %

The Sagicor Global Balanced Fund increased 5.7% for the period ended September 30, 2012. The net asset value at the end of the period grew to $2.21 for the year. Mixed economic data in the global markets moderately strengthened consumer confidence and investor sentiment during the quarter as corporate earnings and sovereign estimates showed signs of strength. Global equities improved moderately over the period and improved the valuation of the Fund. The unrealized loss experienced within the local segment of the asset class was largely attributable to a decline in the bid prices of major local holdings at the end of August 2012. Stocks and alternative investments comprised 52.2% of invested assets, while 41.7% was attributable to fixed income securities. The total assets of the Sagicor Global Balanced Fund amounted to $74.4 million at the end of the period, an increase of 2.3% from the total assets at the end of 2011. Net income for 2012 stood at $4.1 million as compared to a net loss of $791,814 reported at the end of the previous year. Net gains on financial instruments which remained the primary contributor to revenue for the year totaled $3.1 million for the year. During the period, the international portfolios yielded positive returns which buttressed the Fund against the declining regional equity portfolio.

The Sagicor Select Growth Fund gained 10.5% for the year to date period ended September, 2012. The net asset value at the end of the period increased to $1.16 for the year and up 10.5% for the period. The Fund currently has a focus on large cap equities over small and mid-sized caps, growth style equities over the value style equities and emerging market bonds. The international portfolio was the main contributor to gains during the year. There were selective equity deposits during the quarter and reinvestment into the debt portion of the portfolio to mitigate against economic volatility. Net income for 2012 stood at $2.8 million as compared to a net loss of $471,413 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 and alternative investments comprised 72.0% of assets, while 14.5% was attributable to fixed income securities and 12.6% of assets were held in cash and alternative investments. The total net assets of the Fund totaled $28.8 million in 2012. Net gains on financial instruments was the primary contributor to revenues for the Fund and totaled $2.5 million for the year. Total revenues were $3.3 million for the year.

The Sagicor Preferred Income Fund gained 1.8% for the year to date period ended September, 2012. The net asset value fell to $1.04 as at the end of the period. The yields on the bond portfolio remained competitive and the Fund benefited from a diverse portfolio of high quality debt securities. Debt decreased to 87.3% of the Fund's total assets holdings while 1.1% were attributable to equity securities. Deposits during the period amounted to $1.0 million. Total assets of the Sagicor Preferred Income Fund increased to $35.9 million at September up from $33.7 million at June 30, 2012. The main detractor from growth for the year was the impairment of the Government of St. Kitts debt. The impairment adversely affected the net asset value of the Fund. The Fund paid a dividend of 2.7 cents in May. The total assets of the Fund were recorded at $35.9 million at the end of September 2012. The net loss was reported at $1.2 million for the year. Interest income was the primary contributor to revenues for the Fund and totaled $2.3 million for the year. While total revenues were $1.1 million for the year.

CONCLUSION

The U.S. economy continued to be hampered by the lingering effects of the financial crisis on its productive potential and by a number of headwinds that have hindered the normal cyclical adjustment of the economy. The Federal Reserve has maintained an accommodative monetary policy stance to promote a stronger economic recovery in a context of price stability. Continued efforts for the resolution of longer-term budgetary issues without harming the overall recovery of the economy are expected to provide the impetus for a substantial global recovery.

Sagicor Funds Inc. remains cautiously optimistic about the global outlook for 2013 and beyond. The Funds performed creditably for the financial year. Strong strategic and tactical allocations benefited overall investments despite weakening economic results and forecasts in the region. Although the risk of a renewed global recession has retreated, we will continue to be prudent in our approach as economic weakness in the European Union, the Fiscal Cliff debate and political instability in the Middle East continue to threaten the overall recovery. We will continue to be pro-active in managing the portfolios during these uncertain times and we remain poised to take advantage of any opportunities to enhance shareholder value.

Dr M Patricia Downes-Grant
Chairman

David Wright
Director

Overseas investments through our managers Morgan Stanley and Oppenheimer provided the main drivers of growth for the Funds. The international markets are expected to be the key drivers of growth into 2013.

Our actions today will ensure our strength for tomorrow

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	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
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AUDITORS	Ernst & Young Chartered Accountants Worthing Christ Church, Barbados
BANKERS	First Citizens Bank The Mutual Building, Broad Street Bridgetown, Barbados
REGISTERED OFFICE	Sagicor Corporate Centre Wildey St Michael, Barbados

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Patricia Greenidge, FCGA, ACIS, CSE	Assistant Vice President
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Simone Simpson, BSBA, CFA	Portfolio Manager
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Kara Newsam, BSc	Investment Officer – Treasury
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Samica Hunte, BSc	Assistant Fund Administrator
Annette Phillips-Gay, BA	Assistant Fund Administrator
Tanisha Harewood, BSc	Administrative Assistant

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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, 2012, the statements of comprehensive income, 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, 2012 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 27, 2012
Barbados

Statement of Financial Position
As of September 30, 2012

Sagicor Funds Incorporated
Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
ASSETS			
Due from related parties	4	-	19,613
Due from parent company	4	601,011	610,591
Accounts receivable	5	217,545	269,566
Financial investments	6	124,936,879	128,885,755
Cash and cash equivalents		15,064,878	9,462,286
Total assets		140,820,313	139,247,811
LIABILITIES			
Due to related parties	4	300,951	203,445
Due to parent company	4	28,421	28,917
Accounts payable	8	795,041	67,217
Total liabilities (excluding those attributable to fund shareholders)		1,124,413	299,579
Net assets attributable to fund shareholders	9	138,038,402	137,348,166
Total liabilities		139,162,815	137,647,745
EQUITY			
Common shares	10	1,000,000	1,000,000
Retained earnings		657,498	600,066
Total equity		1,657,498	1,600,066
Total liabilities and equity		140,820,313	139,247,811

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

Approved by the Board of Directors on December 27, 2012

Chairman

Director

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

	2012		2011	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	95,974,421	137,348,166	94,377,790	138,740,606
Proceeds from issue of shares	6,755,585	8,709,426	10,827,965	14,023,560
Redemption of shares	(10,425,791)	(13,726,429)	(9,231,334)	(13,984,572)
Net (decrease)/increase from share transactions	(3,670,206)	(5,017,003)	1,596,631	38,988
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	5,707,239	-	(1,431,428)
Balance at end of year	92,304,215	138,038,402	95,974,421	137,348,166

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, 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
Net income for the year	-	57,432	57,432
Balance at September 30, 2012	1,000,000	657,498	1,657,498

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
REVENUE			
Interest income	11	4,136,869	4,266,832
Dividend income		1,733,742	2,048,478
Net gains/(losses) on financial investments	11	4,456,345	(2,467,390)
		10,326,956	3,847,920
EXPENSES			
Management fee	12	1,759,191	1,851,713
Custodian fee	12	342,906	360,037
Other expenses		483,127	1,459,056
		2,585,224	3,670,806
INCOME ON ORDINARY ACTIVITIES		7,741,732	177,114
FINANCE COSTS			
Distribution to fund shareholders		(1,664,113)	(1,260,499)
INCOME/(LOSS) BEFORE WITHHOLDING TAXES		6,077,619	(1,083,385)
Withholding taxes		(312,948)	(294,370)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)		5,764,671	(1,377,755)
ATTRIBUTABLE TO:			
FUND SHAREHOLDERS		5,707,239	(1,431,428)
EQUITY HOLDER OF THE FUNDS		57,432	53,673
		5,764,671	(1,377,755)

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

Amounts expressed in Barbados Dollars

	2012	2011
	$	$
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to fund shareholders		
from operations and net income/(loss) for the year	5,764,671	(1,377,755)
Adjustments for:		
Interest income	(4,136,869)	(4,266,832)
Dividend income	(1,733,742)	(2,048,478)
Loss/(gain) on sale of investments	560,444	(4,236,427)
Net unrealized (gains)/losses on financial investments	(5,016,044)	6,683,705
	(4,561,540)	(5,245,787)
Changes in operating assets and liabilities		
Due from related parties	19,613	2,707
Due from parent company	9,580	(286,268)
Accounts receivable	52,021	5,631,131
Due to related parties	97,506	8,700
Due to parent company	(496)	454
Accounts payable	727,824	(438,662)
Net cash used in operating activities	(3,655,492)	(327,725)
Cash flows from investing activities		
Purchase of financial investments	(38,122,785)	(70,977,104)
Net proceeds on sale of financial investments	46,489,627	61,372,210
Interest received	4,174,503	4,219,211
Dividends received	1,733,742	2,048,478
Net cash from/(used in) investing activities	14,275,087	(3,337,205)
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	8,709,426	14,023,560
Redemption of shares	(13,726,429)	(13,984,572)
Net cash (used in)/ from financing activities	(5,017,003)	38,988
Net increase/(decrease) in cash and cash equivalents c/fwd	5,602,592	(3,625,942)

Amounts expressed in Barbados Dollars

	2012	2011
	$	**$**
Net increase/(decrease) in cash and cash equivalents b/fwd	5,602,592	(3,625,942)
Cash and cash equivalents - beginning of year	9,462,286	13,088,228
Cash and cash equivalents - end of year	15,064,878	9,462,286
Cash and cash equivalents:		
Cash resources	14,763,008	9,289,104
Call deposits	301,870	173,182
	15,064,878	9,462,286

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

Statement of Financial Position
As of September 30, 2012

Sagicor Global Balanced Fund
Amounts expressed in Barbados Dollars

	Notes	2012	2011
		$	$
ASSETS			
Due from related parties	4	25,214	24,478
Due from parent company	4	365,723	343,174
Accounts receivable	5	95,341	119,573
Financial investments	6	66,545,280	67,337,739
Cash and cash equivalents		7,335,845	4,354,304
Total assets		74,367,403	72,719,268
LIABILITIES			
Due to related parties	4	301,749	183,315
Due to parent company	4	15,217	15,258
Accounts payable	8	50,566	8,220
Total liabilities (excluding those attributable to fund shareholders)		367,532	206,793
Net assets attributable to fund shareholders	9	73,999,871	71,972,475
Total liabilities		74,367,403	72,179,268
No. of redeemable Global Balanced Fund shares outstanding at end of year		33,413,700	34,366,910
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		2.21	2.09
Increase/(decrease) in net asset value per redeemable Sagicor Global Balanced Fund share at end of year		5.7%	-1.4%

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

Approved by the Board of Directors on December 27, 2012


Chairman


Director

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

	2012		2011	
	Number of Shares	**Total $**	**Number of Shares**	**Total $**
Balance at beginning of year	34,366,910	71,972,475	35,819,956	75,990,348
Proceeds from issue of shares	1,262,950	2,632,950	1,832,539	3,993,677
Redemption of shares	(2,216,160)	(4,682,256)	(3,285,585)	(7,213,736)
Net decrease from share transactions	(953,210)	(2,049,306)	(1,453,046)	(3,220,059)
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	4,076,702	-	(797,814)
Balance at end of year	33,413,700	73,999,871	34,366,910	71,972,475

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
REVENUE			
Interest income	11	1,656,570	1,814,498
Dividend income		1,113,255	1,369,833
Net gains/(losses) on financial investments	11	3,098,750	(1,029,091)
		5,868,575	2,155,240
EXPENSES			
Management fee	12	1,278,327	1,350,303
Custodian fee	12	182,618	192,900
Other expenses		206,186	1,283,450
		1,667,131	2,826,653
INCOME/(LOSS) ON ORDINARY ACTIVITIES		4,201,444	(671,413)
Withholding taxes		(124,742)	(126,401)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)		4,076,702	(797,814)

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

Amounts expressed in Barbados Dollars

	2012	2011
	$	$
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to fund shareholders		
from operations and net income/(loss) for the year	4,076,702	(797,814)
Adjustments for:		
Interest income	(1,656,570)	(1,814,498)
Dividend income	(1,113,255)	(1,369,833)
Gain on sale of financial investments	(356,152)	(2,751,923)
Net unrealized (gains) /losses on financial investments	(2,741,853)	3,780,989
	(1,791,128)	(2,953,079)
Changes in operating assets and liabilities		
Due from related parties	(736)	18,743
Due from parent company	(22,549)	(237,809)
Accounts receivable	24,232	4,078,186
Due to related parties	118,434	(268,849)
Due to parent company	(41)	(440)
Accounts payable	42,346	(487,060)
Net cash (used in)/from operating activities	(1,629,442)	149,692
Cash flows from investing activities		
Purchase of financial investments	(21,033,371)	(38,534,053)
Net proceeds on sale of financial investments	24,928,317	35,397,517
Interest received	1,652,088	1,847,065
Dividends received	1,113,255	1,369,833
Net cash from investing activities	6,660,289	80,362
Cash flows from financing activities		
Proceeds from issue of shares	2,632,950	3,993,677
Redemption of shares	(4,682,256)	(7,213,736)
Net cash used in financing activities	(2,049,306)	(3,220,059)
Net increase/(decrease) in cash and cash equivalents c/fwd	2,981,541	(2,990,005)

Amounts expressed in Barbados Dollars

	2012 $	2011 $
Net increase/(decrease) in cash and cash equivalents b/fwd	2,981,541	(2,990,005)
Cash and cash equivalents - beginning of year	4,354,304	7,344,309
Cash and cash equivalents - end of year	7,335,845	4,354,304
Cash and cash equivalents:		
Cash resources	7,335,845	4,354,304

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

Amounts expressed in Barbados Dollars

	Notes	2012	2011
		$	$
ASSETS			
Due from related parties	4	71,587	32,295
Due from parent company	4	21,507	53,636
Accounts receivable	5	109,988	149,993
Financial investments	6	31,704,130	35,495,846
Cash and cash equivalents		3,986,388	1,495,263
Total assets		35,893,600	37,227,033
LIABILITIES			
Due to related parties	4	37,553	40,041
Due to parent company	4	7,251	7,691
Accounts payable	8	633,101	488
Total liabilities (excluding those attributable to fund shareholders)		677,905	48,220
Net assets attributable to fund shareholders	9	35,215,695	37,178,813
Total liabilities		35,893,600	37,227,033
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		33,959,755	34,689,017
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		1.04	1.07
Decrease in net asset value per redeemable Sagicor Preferred Income Fund at end of year		-2.8%	-0.9%

The accompanying notes form an integral part of these financial statements.
Approved by the Board of Directors on December 27, 2012

Chairman

Director

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

	2012		2011	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	34,689,017	37,178,813	31,348,911	33,756,082
Proceeds from issue of shares	3,271,660	3,437,520	6,048,449	6,724,680
Redemption of shares	(4,000,922)	(4,244,009)	(2,708,343)	(3,139,748)
Net (decrease)/increase from share transactions	(729,262)	(806,489)	3,340,106	3,584,932
Decrease in net assets attributable to fund shareholders from operations	-	(1,156,629)	-	(162,201)
Balance at end of year	33,959,755	35,215,695	34,689,017	37,178,813

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
REVENUE			
Interest income	11	2,260,079	2,205,432
Dividend income		9,750	15,032
Net losses on financial investments	11	(1,133,421)	(618,836)
		1,136,408	1,601,628
EXPENSES			
Management fee	12	268,143	273,099
Custodian fee	12	89,381	91,033
Other expenses		120,056	6,713
		477,580	370,845
INCOME ON ORDINARY ACTIVITIES		658,828	1,230,783
FINANCE COSTS			
Distribution to fund shareholders		(1,664,113)	(1,260,499)
LOSS BEFORE WITHHOLDING TAXES		(1,005,285)	(29,716)
Withholding taxes		(151,344)	(132,485)
DECREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE LOSS		(1,156,629)	(162,201)

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

For the year ended September 30, 2012 | Amounts expressed in Barbados Dollars

	2012 $	2011 $
Cash flows from operating activities		
Decrease in net assets attributable to fund shareholders from operations and net loss for the year	(1,156,629)	(162,201)
Adjustments for:		
Interest income	(2,260,079)	(2,205,432)
Dividend income	(9,750)	(15,032)
Loss on sale of financial investments	1,474,448	76,614
Net unrealised (gains)/losses on financial investments	(503,999)	542,221
Impairment losses on financial investments	162,972	-
	(2,293,037)	(1,763,830)
Changes in operating assets and liabilities		
Due from related parties	(39,292)	273,733
Due from parent company	32,129	(48,459)
Accounts receivable	40,005	384,043
Due to related parties	(2,488)	14,330
Due to parent company	(440)	849
Accounts payable	632,613	(2,530)
Net cash used in operating activities	(1,630,510)	(1,141,864)
Cash flows from investing activities		
Purchase of financial investments	(3,308,481)	(13,543,799)
Net proceeds on sale of financial investments	5,927,841	8,041,700
Interest received	2,299,014	2,130,587
Dividends received	9,750	15,032
Net cash from/(used in) investing activities	4,928,124	(3,356,480)
Cash flows from financing activities		
Proceeds from issue of shares	3,437,520	6,724,680
Redemption of shares	(4,244,009)	(3,139,748)
Net cash (used in)/from financing activities	(806,489)	3,584,932
Net increase/(decrease) in cash and cash equivalents c/fwd	2,491,125	(913,412)

Amounts expressed in Barbados Dollars

	2012 $	2011 $
Net increase/(decrease) in cash and cash equivalents b/fwd	2,491,125	(913,412)
Cash and cash equivalents - beginning of year	1,495,263	2,408,675
Cash and cash equivalents - end of year	3,986,388	1,495,263
Cash and cash equivalents:		
Cash resources	3,684,518	1,495,263
Call deposits	301,870	-
	3,986,388	1,495,263

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
ASSETS			
Due from related parties	4	-	8,645
Due from parent company	4	213,783	213,783
Accounts receivable	5	12,216	-
Financial investments	6	25,094,705	24,608,711
Cash and cash equivalents		3,677,911	3,451,140
Total assets		28,998,615	28,282,279
LIABILITIES			
Due to related parties	4	58,450	20,922
Due to parent company	4	5,951	5,966
Accounts payable	8	111,374	58,509
Total liabilities (excluding those attributable to fund shareholders)		175,775	85,397
Net assets attributable to fund shareholders	9	28,822,840	28,196,882
Total liabilities		28,998,615	28,282,279
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		24,930,760	26,918,494
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		1.16	1.05
Increase/(decrease) in net asset value per redeemable Sagicor Select Growth Fund share at end of year		10.5%	-1.9%

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

Approved by the Board of Directors on December 27, 2012

Chairman

Director

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

	2012		2011	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	26,918,494	28,196,882	27,208,923	28,994,180
Proceeds from issue of shares	2,220,975	2,638,956	2,946,977	3,305,203
Redemption of shares	(4,208,709)	(4,800,164)	(3,237,406)	(3,631,088)
Net decrease from share transactions	(1,987,734)	(2,161,208)	(290,429)	(325,885)
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	2,787,166	-	(471,413)
Balance at end of year	24,930,760	28,822,840	26,918,494	28,196,882

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
REVENUE			
Interest income	11	121,110	152,128
Dividend income		610,737	663,613
Net gains/(losses) on financial investments	11	2,520,318	(789,914)
		3,252,165	25,827
EXPENSES			
Management fee	12	212,721	228,311
Custodian fee	12	70,907	76,104
Other expenses		156,746	168,774
		440,374	473,189
INCOME/(LOSS) ON ORDINARY ACTIVITIES		2,811,791	(447,362)
Withholding taxes		(24,625)	(24,051)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)		2,787,166	(471,413)

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

Amounts expressed in Barbados Dollars

	Notes	2012 $	2011 $
Cash flows from operating activities			
Increase/(decrease) in net assets attributable to fund shareholders from operations and net income/(loss) for the year		2,787,166	(471,413)
Adjustments for:			
Interest income		(121,110)	(152,128)
Dividend income		(610,737)	(663,613)
Gains on sale of financial investments		(557,852)	(1,561,118)
Net unrealised (gains)/losses on financial investments		(1,962,466)	2,330,946
		(464,999)	(517,326)
Changes in operating assets and liabilities			
Due from related parties		8,645	(7,432)
Accounts receivable		(12,216)	1,168,902
Due to related parties		37,528	(24,090)
Due to parent company		(15)	45
Accounts payable		52,865	50,928
Net cash (used in)/from operating activities		(378,192)	671,027
Cash flows from investing activities			
Purchase of financial investments		(13,303,536)	(18,699,252)
Net proceeds on sale of financial investments		15,332,693	17,932,993
Interest received		126,277	150,099
Dividends received		610,737	663,613
Net cash from investing activities		2,766,171	47,453
Cash flows from financing activities			
Proceeds from issue of shares		2,638,956	3,305,203
Redemption of shares		(4,800,164)	(3,631,088)
Net cash used in financing activities		(2,161,208)	(325,885)
Net increase in cash and cash equivalents c/fwd		226,771	392,595

Amounts expressed in Barbados Dollars

	2012 $	2011 $
Net increase in cash and cash equivalents b/fwd	226,771	392,595
Cash and cash equivalents - beginning of year	3,451,140	3,058,545
Cash and cash equivalents - end of year	3,677,911	3,451,140
Cash and cash equivalents comprise:		
Cash resources	3,677,911	3,277,958
Call deposits	-	173,182
	3,677,911	3,451,140

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 Custodian and Manager of the Funds and administers the Funds from its offices at Sagicor Corporate Centre, Wildey, St. Michael, Barbados.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

(a) Adoption of new accounting policies

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 1 – First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment) (effective 1 July 2011)
IFRS 7 – Disclosures – Transfers of financial assets (Amendment) (effective 1 July 2011)
IAS 24 – Related Party Disclosures (Revised) (effective 1 January 2011)
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment) (effective 1 January 2011)
Improvements to International Financial Reporting Standards (May 2010) (effective 1 January 2011)

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Future changes in accounting policies (continued)

IFRS 1 – Government Loans (Amendments to IFRS 1) (effective 1 January 2013)
IFRS 7 – Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment) (effective 1 January 2013)
IFRS 9 – Financial Instruments: Classification and Measurement (effective 1 January 2013)
IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)
IFRS 11 – Joint Arrangements (effective 1 January 2013)
IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13 – Fair Value Measurement (effective 1 January 2013)
IAS 1 – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
IAS 12 – Deferred Tax Recovery of Underlying Assets (Amendments) (effective 1 January 2012)
IAS 19 – Employee Benefits (Revised) (effective 1 January 2013)
IAS 27 – Separate Financial Statements (Revised) (effective 1 January 2013)
IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2013)
IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments) (effective 1 January 2014)

Other than IFRS 9 and IFRS 13, all new standards, interpretations and amendments to existing standards shown above are not expected to apply to the activities of the Funds and, therefore, will have no impact on the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial asset.

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Funds' financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Funds will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 13 – Fair Value measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Funds are currently assessing the impact that this standard will have on the financial position and performance.

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.

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

(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**	
	2012 closing rate	**2012 average rate**	**2011 closing rate**	**2011 average rate**
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	44.84	44.77	43.07	42.84
Trinidad & Tobago dollar	3.21	3.19	3.21	3.20
United States dollar	0.50	0.50	0.50	0.50

2.3 Financial instruments

(a) Classification

The Funds classify their financial instruments into two categories:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial Instruments (continued)

(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.

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

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

(c) Derecognition

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

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

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

(d) Fair value

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial Instruments (continued)

(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 a credit loss expense.

Impaired debts together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the 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.

2.5 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.11 Net asset value per share

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

2.12 Redeemable fund shares

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

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

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.

4. RELATED PARTY BALANCES

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

5. ACCOUNTS RECEIVABLE

	2012 $	2011 $
Sagicor Global Balanced Fund		
Unsettled trades	12,932	17,196
Dividend receivables	45,326	14,450
Other	37,083	87,927
	95,341	119,573
Sagicor Preferred Income Fund		
Unsettled trades	-	117,000
Other	109,988	32,993
	109,988	149,993
Sagicor Select Growth Fund		
Other	12,216	-
Total Funds accounts receivable		
	217,545	269,566

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2012 $	2011 $
Sagicor Funds Incorporated		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	1,210,843	1,240,145
Loans and receivables:		
Deposits	381,921	203,314
Total Sagicor Funds Incorporated financial investments	1,592,764	1,443,459

	2012 $	2011 $
Sagicor Global Balanced Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	24,387,735	22,928,516
Corporate debt securities	3,372,285	4,574,742
Total fixed income securities	27,760,020	27,503,258
Other		
Quoted equity securities	30,784,473	36,712,847
Alternative investments	8,000,787	3,121,634
Total equity and alternative securities	38,785,260	39,834,481
Total Sagicor Global Balanced Fund's financial investments	66,545,280	67,337,739

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

	2012 $	2011 $
Sagicor Preferred Income Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	24,728,403	28,654,803
Corporate debt securities	3,686,097	4,460,968
Total fixed income securities	28,414,500	33,115,771
Other		
Quoted equity securities	375,000	450,000
	28,789,500	33,565,711
Loans and receivables		
Corporate debt securities	676,916	839,889
Government debt securities	1,283,198	-
Deposits	954,516	1,090,186
	2,914,630	1,930,075
Total Sagicor Preferred Income Fund's financial investments	31,704,130	35,495,846

	2012 $	2011 $
Sagicor Select Growth Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	2,215,026	708,671
Corporate debt securities	1,993,844	1,586,193
Total fixed income securities	4,208,870	2,294,864
Other		
Quoted equity securities	16,879,674	19,285,876
Alternative investments	4,006,161	1,762,844
Total equity and alternative securities	20,885,835	21,048,720
Loans and receivables:		
Deposits	-	1,265,127
Total Sagicor Select Growth Fund's financial investments	25,094,705	24,608,711
Total Funds financial investments	124,936,879	128,885,755

For the year ended September 30, 2012 | Amounts expressed in Barbados Dollars

7. FINANCIAL RISK

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

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

7.1 Credit risk

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

	2012		2011	
	$	%	$	%
Sagicor Funds Incorporated				
Debt securities	1,210,843	73	1,240,145	77
Loans and receivables	381,921	23	203,314	13
Cash and cash equivalents	64,734	4	161,579	10
Total balance sheet exposures	1,657,498	100	1,605,038	100
Sagicor Global Balanced Fund				
Due from related parties	25,214	-	24,478	-
Due from parent company	365,723	1	343,174	1
Accounts receivable	95,341	-	119,573	-
Debt securities	27,760,020	78	27,503,258	85
Cash and cash equivalents	7,335,845	21	4,354,304	14
Total balance sheet exposures	35,582,143	100	32,344,787	100
Sagicor Preferred Income Fund				
Due from related parties	71,587	-	32,295	-
Due from parent company	21,507	-	53,636	-
Accounts receivable	109,988	-	149,993	1
Debt securities	28,414,500	81	33,115,771	90
Loans and receivables	2,914,630	8	1,930,075	5
Cash and cash equivalents	3,986,388	11	1,495,263	4
Total balance sheet exposures	35,518,600	100	36,777,033	100

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

	2012		2011	
Sagicor Select Growth Fund	$	%	$	%
Due from related parties	-	-	8,645	-
Due from parent company	213,783	3	213,783	3
Accounts receivable	12,216	-	-	-
Debt securities	4,208,870	52	2,294,864	32
Loans and receivables	-	-	1,265,127	17
Cash and cash equivalents	3,677,911	45	3,451,140	48
Total balance sheet exposures	8,112,780	100	7,233,559	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.

	2012	2011
Sagicor Funds Incorporated	$	$
Debt securities:		
Government of Barbados debenture denominated in Barbados dollars (unrated)	1,210,843	1,240,145
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	446,655	161,579

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

	2012 $	2011 $
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in United States dollars (rated BB+ by Standard and Poors)	717,212	-
Government of Barbados debt securities denominated in Barbados dollars (unrated)	14,243,437	14,530,557
Government of Curacao debt securities denominated in Netherland Antilles Florins (rated AAA by Standard and Poors)	5,099,247	5,203,515
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,839,959	1,840,890
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,190,218	1,185,489
United States Treasury note – denominated in United States dollars (rated AAA by Standard and Poors)	2,206,885	742,666
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	1,044,713	985,841
Morgan Stanley (rated A- by Standard and Poors)	4,579,815	1,439,925
Oppenheimer & Co. Inc (rated B+ by Standard and Poors)	278,875	1,067,845
CIBC FirstCaribbean International Bank (unrated)	175,389	255,371
Bank of Montreal (rated AA- by Standard and Poors)	975,276	173,457
Maudro and Curiel's Bank N.V. (unrated)	281,456	431,543

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

	2012 $	2011 $
Sagicor Preferred Income Fund		
Debt securities:		
Government of Barbados debt securities denominated in United States dollars (rated BB+ by Standard and Poors)	2,233,226	2,548,916
Government of Barbados debt securities denominated in Barbados dollars (unrated)	17,897,833	18,863,157
Government of Bahamas debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,210,097	1,132,597
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	1,285,765	2,073,501
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,226,640	1,227,260
Princess Juliana debt securities denominated in United States dollars (unrated)	1,107,375	1,247,728
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,232,936	1,229,819
Government of Dominican Republic denominated in United States dollars (rated B by Standard and Poors)	747,294	725,522
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	959,958	1,293,278
Oppenheimer & Co Inc. (rated B+ by Standard and Poors)	2,193,879	797,651
CIBC FirstCaribbean International Bank (unrated)	1,356,369	64,437
Morgan Stanley (rated A- by Standard and Poors)	430,698	430,082

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

	2012 $	2011 $
Sagicor Select Growth Fund		
Debt securities:		
Government of Barbados debt securities - denominated in Barbados dollars (unrated)	254,948	262,941
Simpson Finance Limited - denominated in Barbados dollars (unrated)	1,277,750	1,278,396
United States Treasury note - denominated in United States dollars (rated AAA by Standard and Poors)	1,935,304	342,263
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (unrated)	-	527,921
Oppenheimer & Co Inc.(rated B+ by Standard and Poors)	2,089,578	2,488,349
Morgan Stanley (rated A- by Standard and Poors)	1,608,616	718,717

The Funds have designated some of their investments in fixed income securities as at fair value through profit and loss. An element of the change in the fair value of these financial assets is attributable to changes in credit risk.

As of September 30, 2012	Change in fair value $	Attributable to credit risk $
Sagicor Global Balanced Fund	(2,741,853)	(160,445)
Sagicor Preferred Income Fund	503,999	(849,884)
Sagicor Select Growth Fund	1,962,466	(8,749)

Past due and impaired financial investments

A financial asset is past due when a counterparty has failed to make payment when contractually due. The Funds are most exposed to the risk of past due assets with respect to their financial investments; namely debt securities classified as loans and receivables. During the year, Sagicor Preferred Income Fund recorded an impairment loss of $162,972 (2011 – nil) in respect of a debt security classified as loans and receivables.

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

For the year ended September 30, 2012 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 2012 and 2011, 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, 2012				
Sagicor Funds Incorporated	-	-	1,210,843	1,210,843
Sagicor Global Balanced Fund	1,980,891	13,568,577	12,210,552	27,760,020
Sagicor Preferred Income Fund	1,549,394	11,668,460	17,156,760	30,374,614
Sagicor Select Growth Fund	1,388,482	2,247,828	572,560	4,208,870
Total	4,918,767	27,484,865	31,150,715	63,554,347
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

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 2012 and 2011.

(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, 2012			
Sagicor Funds Incorporated	-	64,734	64,734
Sagicor Global Balanced Fund	5,140,467	2,195,378	7,335,845
Sagicor Preferred Income Fund	2,926,447	1,059,941	3,986,388
Sagicor Select Growth Fund	3,677,911	-	3,677,911
All Funds	11,744,825	3,320,053	15,064,878
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

For the year ended September 30, 2012 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.

	2012		2011	
	Deposits	Debt securities	Deposits	Debt securities
Sagicor Funds Incorporated	2.7%	7.8%	3.4%	7.6%
Sagicor Global Balanced Fund	0.0%	6.2%	0.0%	6.9%
Sagicor Preferred Income Fund	1.0%	7.2%	4.4%	7.1%
Sagicor Select Growth Fund	0.4%	3.7%	3.4%	3.8%

Sensitivity

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

	2012 $	2011 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through profit and loss	27,760,020	27,503,258
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(1,135,751)	(1,039,751)
Sagicor Preferred Income Fund		
Total debt securities at fair value through profit and loss	28,414,500	33,115,771
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(1,229,429)	(856,987)
Sagicor Select Growth Fund		
Total debt securities at fair value through profit and loss	4,208,870	2,294,864
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(112,470)	(59,825)

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 hold only assets and liabilities denominated in BDS.

Sagicor Global Balanced Fund

	Balances denominated in						
	Barbados $	Jamaica $	Trinidad $	EC $	US $	Other currencies $	Total $
As of September 30, 2012							
Assets	30,390,781	4,981,994	1,876,810	594,096	30,939,443	5,584,279	74,367,403
Liabilties	(366,566)	-	-	-	(966)	-	(367,532)
Net assets attributable to fund shareholders	30,024,215	4,981,994	1,876,810	594,096	30,938,477	5,584,279	73,999,871
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
Liabilities	(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

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

Sagicor Preferred Income Fund

	Balances denominated in						
	Barbados $	**Jamaica $**	**Trinidad $**	**EC $**	**US $**	**Other currencies $**	**Total $**
As of September 30, 2012							
Assets	21,918,899	-	-	118,176	13,548,198	308,327	35,893,600
Liabilities	(677,905)	-	-	-	-	-	(677,905)
Net assets attributable to fund shareholders	21,240,994	-	-	118,176	13,548,198	308,327	35,215,695
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

Sagicor Select Growth Fund

	Balances denominated in						
	Barbados $	**Jamaica $**	**Trinidad $**	**EC $**	**US $**	**Other currencies $**	**Total $**
As of September 30, 2012							
Assets	6,642,628	-	3,089,859	-	19,266,128	-	28,998,615
Liabilities	(170,905)	-	-	-	(4,870)	-	(175,775)
Net assets attributable to fund shareholders	6,471,723	-	3,089,859	-	19,261,258	-	28,822,840
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

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.4 Foreign exchange risk (continued)

Sensitivity

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

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

The effects of a 5% depreciation in the JMD relative to the BDS arising from JMD financial investments as of September 30, 2012 are considered in the following table.

Sagicor Global Balanced Fund

	2012 $	2011 $
Financial investments denominated in JMD	4,981,994	4,932,607
Effect of a 5% depreciation as of end of year	(249,100)	(246,630)

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 statement of financial position date are set out below.

	2012		2011	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Sagicor Global Balanced Fund				
Equity securities:				
Local and regional equities	20,524,706	(1,026,235)	20,630,588	(1,031,529)
US market investments				
Quoted equities	10,259,767	(512,988)	16,082,259	(804,113)
Quoted alternative investments	2,611,202	(130,560)	-	-
Unquoted alternative investments	5,389,585	(269,479)	3,121,634	(156,082)
	38,785,260	(1,939,262)	39,834,481	(1,991,724)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Sagicor Preferred Income Fund

	2012		2011	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Equity securities:				
Local and regional equities	375,000	(18,750)	450,000	(22,500)
	375,000	(18,750)	450,000	(22,500)

Sagicor Select Growth Fund

	2012		2011	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Equity securities:				
Local and regional equities	7,994,074	(399,704)	7,962,175	(398,109)
US market investments				
Quoted equities	8,885,600	(444,280)	11,323,701	(566,185)
Quoted alternative investments	1,318,657	(65,933)	-	-
Unquoted alternative investments	2,687,504	(134,375)	1,762,844	(88,142)
	20,885,835	(1,044,292)	21,048,720	(1,052,436)

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

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

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Sagicor Global Balanced Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2012				
Fixed income securities	-	27,760,020	-	27,760,020
Equity investments	30,784,473	-	-	30,784,473
Alternative investments	2,611,202	5,310,008	79,577	8,000,787
	33,395,675	33,070,028	79,577	66,545,280
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

Sagicor Preferred Income Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2012				
Fixed income securities	-	29,697,698	-	29,697,698
Equity investments	375,000	-	-	375,000
	375,000	29,697,698	-	30,072,698
As of September 30, 2011				
Fixed income securities	-	33,115,771	-	33,115,771
Equity investments	450,000	-	-	450,000
	450,000	33,115,771	-	33,565,771

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

Sagicor Select Growth Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2012				
Fixed income securities	-	4,208,870	-	4,208,870
Equity investments	16,879,674	-	-	16,879,674
Alternative investments	1,318,657	2,666,680	20,824	4,006,161
	18,198,331	6,875,550	20,824	25,094,705
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
	19,285,876	4,009,044	48,664	23,343,584

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

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

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

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

	SGBF $	SSGF $	Total $
Balance – December 31, 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
Disposals	(89,747)	(18,722)	(108,469)
Loss	(3,981)	(9,118)	(13,099)
Balance – September 30, 2012	79,577	20,824	100,401

There were no transfers between categories during the period.

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

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

	2012 $	2011 $
Sagicor Global Balanced Fund		
Redemptions payable	49,600	8,220
Other	966	-
	50,566	8,220
Sagicor Preferred Income Fund		
Redemptions payable	9,964	488
Subscriptions pending	623,137	-
	633,101	488
Sagicor Select Growth Fund		
Redemptions payable	106,504	1,415
Other	4,870	57,094
	111,374	58,509
Total Funds accounts payable	795,041	67,217

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.

	2012 $	2011 $
Issued:		
1,000,000 (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

	2012 $	2011 $
Sagicor Funds Incorporated		
Debt securities	91,460	91,460
Deposits	7,650	3,314
	99,110	94,774
Sagicor Global Balanced Fund		
Debt securities	1,653,454	1,781,889
Deposits	3,116	32,609
	1,656,570	1,814,498
Sagicor Preferred Income Fund		
Debt securities	2,248,963	2,161,130
Deposits	11,116	44,302
	2,260,079	2,205,432
Sagicor Select Growth Fund		
Debt securities	118,176	120,380
Deposits	2,934	31,748
	121,110	152,128
Total Funds interest income	4,136,869	4,266,832

For the year ended September 30, 2012 Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME (continued)

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

	2012 $	2011 $
Sagicor Funds Incorporated		
Debt securities	(29,302)	(29,549)
Sagicor Global Balanced Fund		
Debt securities	(204,045)	(11,564)
Equities	3,302,050	(1,017,502)
Foreign exchange losses	745	(25)
	3,098,750	(1,029,091)
Sagicor Preferred Income Fund		
Debt securities	(895,449)	(618,835)
Equities	(75,000)	-
Foreign exchange losses	-	(1)
Impairment expense	(162,972)	-
	(1,133,421)	(618,836)
Sagicor Select Growth Fund		
Debt securities	43,522	(35,328)
Equities	2,476,796	(734,500)
Foreign exchange losses	-	(20,086)
	2,520,318	(789,914)
Total Funds net gains/(losses) on financial investments	4,456,345	(2,467,390)

Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2012 $	2011 $
Sagicor Global Balanced Fund		
Management fee	1,278,327	1,350,303
Custodian fee	182,618	192,900
Sagicor Preferred Income Fund		
Management fee	268,143	273,099
Custodian fee	89,381	91,033
Sagicor Select Growth Fund		
Management fee	212,721	228,311
Custodian fee	70,907	76,104

(b) Shares held by related parties

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

	2012 $	2011 $
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

13. TAXATION

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

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