Wise Financial Thinking for Life

SAGICOR FUNDS INCORPORATED ANNUAL REPORT 2013

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

Sagicor

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 its history, Sagicor has played a significant role in the economic development of the Caribbean region through its contribution to capital formation and investment. Sagicor continues to deliver world-class financial products and services, improving the lives of the people of the communities in which it operates.

CONTENTS

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.

Be ready for opportunity when it comes.

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:	$2.18
NET ASSETS:	$60,627,158
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 June 1st and December 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:	$32,962,234
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.

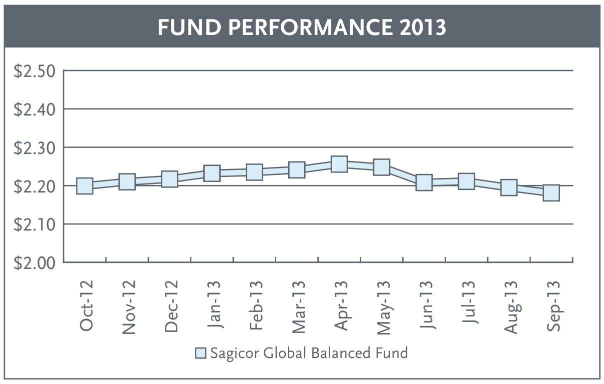
FUND NAME:	The Sagicor Funds Incorporated (Sagicor Select Growth Fund)
LAUNCH DATE:	December 2, 2004
LAUNCH PRICE:	$1.00 per share
MINIMUM INVESTMENT:	$500.00 $200.00 for subsequent investments
NET ASSET VALUE PER SHARE:	$1.20
NET ASSETS:	$28,616,904
MANAGEMENT FEE:	0.75% per annum of the net assets 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

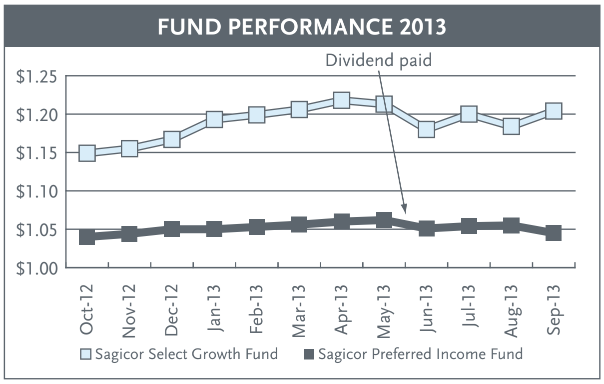
The Sagicor Select Growth Fund and Sagicor Preferred Income Fund were launched in December 2004, bringing two new exciting products to Shareholders. The Select Growth Fund, or “Fund of Funds mutual fund”, provide long-term growth for investors concerned about moderating the associated risks, whilst the Preferred Income Fund is tailored to investors seeking a total return within a conservative level of risk.

Creating is the essence of life.

CHAIRMAN'S STATEMENT

Dr M. PATRICIA DOWNES-GRANT
Chairman



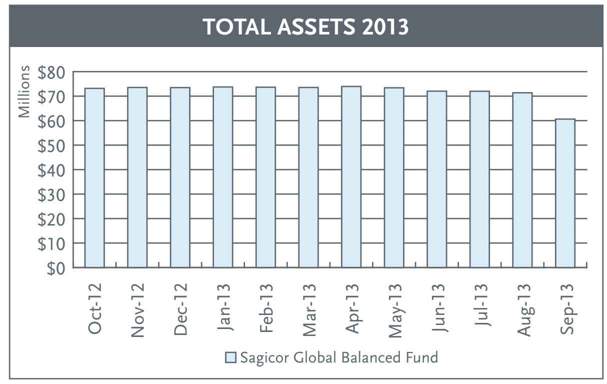


International equity markets registered robust gains for 2013. Generally, investor sentiment improved on the backdrop of an incipient economic recovery in developed markets, which favored risk seeking assets. In emerging markets, growth was tempered by the Federal Open Market Committee's (FOMC) announcement of its intention to tighten monetary policy, coupled with an expected decline in the growth of gross domestic product for key emerging market countries. This adversely affected the performance of emerging market equities, which was relatively flat at the end of the year. The performance of the international bond market moderated as increased interest rates and credit spreads negatively impacted international fixed income valuations. Regionally, equity markets remained relatively illiquid and lagged their international counterparts.

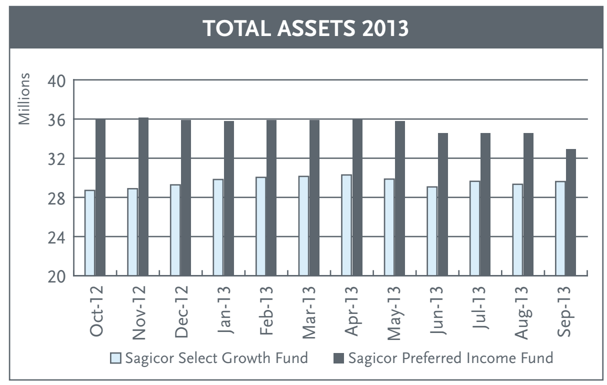
During the review period, the US financial markets moderately recovered, consumer confidence improved and the construction industry recorded its lowest unemployment rate since 2008. The US equity markets rallied and reached new highs during the year while the Federal Reserve continued its stimulus program. The Standards and Poors 500 Index and the Dow Jones Industrial Average Index recorded new highs in September 2013.

There were some impediments to growth due to the occurrence of the US Sequester which led to automatic cuts to the Federal budget of approximately $85 million. The markets were affected by the lingering adverse economic impact of Hurricane Sandy which damaged the Northeast coast in October 2012, halting sales for retailers, closing factories and slowing home sales. The markets also reacted to geopolitical instability surrounding Syria, causing markets to decline on fears of a potential oil output disruption.

This generally volatile environment saw managers rotating between cash and risk seeking assets, while the equity asset class benefited from inflows due to the underperformance of fixed income. Modest growth was recorded against this backdrop, with the Sagicor Select Growth Fund and the Sagicor Preferred Income Fund advancing 3.4% and 1.8% for the financial year while the Sagicor Global Balanced Fund declined 1.4%. Robust growth in global equities during the fourth quarter of 2013 however, supported stronger performances particularly for the Funds with foreign equity exposure.



The adverse economic climate continued in the European Union (EU). Nine of the seventeen members of the European Union including Portugal, Greece, Spain, France and Italy remained in recession until the end of the first quarter of 2013. In March the EU was also affected by the Cypriot financial crisis. Markets declined as they feared other EU members would suffer similar fates. There were continued austerity measures that resulted in higher unemployment and increased dislocation among the population.

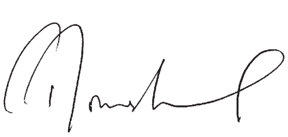


Economic growth within the Barbados economy remained depressed. There was a decline of 0.7% in real Gross Domestic output through the third quarter of 2013. In the tourism sector, the number of arrivals declined from all major markets as well as the length of stay while cruise passengers arrivals increased by 12.3%. Foreign exchange reserves declined to $1 billion, which represented a decrease of $440 million since the end of 2012. Decline in private foreign investment, which plummeted to $147 million from $473 million the previous year, contributed to the weakness in foreign exchange reserves. During the year, there was the introduction of the fiscal adjustment package, aimed at stabilizing the economy and stimulating the productive sectors. Unemployment was recorded at 11.1% for the first half of 2013 while inflation was 2.1% as at July 2013.

There were mixed results in the regional markets as the Trinidad and Tobago Stock Exchange increased 1.5% for the third quarter of 2013 and 7.4% for the year. The Jamaica Stock Exchange and the Barbados Stock Exchange however both declined 2.4% and 2.7% respectively for the quarter and 8.3% and 3.3%, correspondingly, for the year to date period. The Barbados three-month Treasury Bill rate was 3.13% and the six-month Treasury Bill rate was 3.25%, down from the previous quarter. The Barbados savings rate was kept constant at 2.5%.

We remain positive in our forecast while acknowledging that the constraints to growth are very much evident. However, we benefited substantially from our market positioning, with the Select Growth Fund in particular, recording strong growth since the close of the reporting period, largely on the advance of global equities. We will adhere to a strategy that supports prudence and maintaining our strategic asset allocation position. The moderate recovery experienced in the global markets is expected to persist and we will seek to capitalize on suitable opportunities, as we continue to prudently navigate the local and regional markets.

We thank you for your continued confidence and support throughout the year as we focus on effectively managing shareholders' wealth, whilst maintaining our commitment to delivering shareholder value.

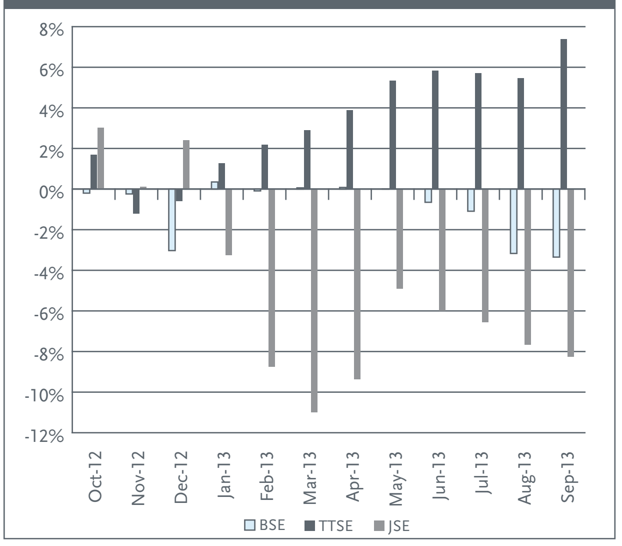


Dr M Patricia Downes-Grant
Chairman

INVESTMENT REPORT

There was increased global economic activity during the year with the United States (US) and the European Union both recording economic growth for the first three quarters of 2013. US economic growth was supported by an increase in domestic consumption and investment activity. The unemployment rate declined to its lowest level since the financial crisis in 2008 and was recorded at 7.2% during September 2013. However, US inflation was estimated to be less than 1.5% at September 2013 and trended below the levels necessary to ensure fulfillment of the Federal dual mandate of price stability and maximum employment.

REGIONAL STOCK INDICIES 2013



During the year, international equities showed favourable performance, which was positively correlated with their underlying economies. International equity markets rallied to historical levels as investors favoured risk seeking assets. This trend was expected to continue for the short to medium term. However, headwinds led by the anticipation of the tapering of Quantitative Easing (QE) by the Federal Reserve served to weaken investor confidence and brought sporadic volatility.

The international fixed income markets experienced widening of credit spreads, which served to depress bond valuations. This, coupled with the advance in equities ensured that investors' appetite for risk remained. The Fed reaffirmed its commitment to maintaining QE for the foreseeable future until the unemployment rate declines to below 6.5% and inflation increases above 2.0%. The Federal Funds Rate was held constant at 0.00% - 0.25%. The Global Balanced and Select Growth portfolios were tactically rebalanced in line with market forecasts. Consequently, the exposure to international equities was increased, while pairing exposure to international fixed income.

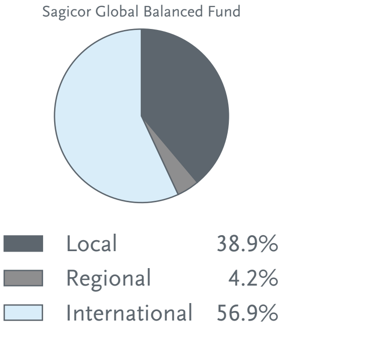
Major equity indices maintained significant gains, which were supported by improved economic data and the extended stimulus programs for developed nations. Global equities, as gauged by the MSCI World Index, advanced 17.8% and registered a stellar performance for the year. The US equity markets led returns for the year. The Dow Jones Industrial Average Index advanced by 17.6% for the year ended September 30, 2013. The Standard and Poors 500 Index ended the period up 19.8%, while the NASDAQ Index advanced 26.1% for the year.

Emerging markets experienced lackluster performance for the year and lagged the US and international equity returns. There was a decline in growth for Brazil, Russia, India and China (BRIC). The MSCI Emerging Markets Index, a barometer for emerging market equities declined by 1.3% and China's Shanghai Composite Index returned a modest 0.9% for the year to date period ending September 30, 2013.

Generally, regional economies continued to be constrained by challenging economic conditions as evidenced through declining tourism and foreign direct investment receipts, as well as onerous fiscal deficits. The modest recovery in the developed markets had a transitory impact on the local and regional economies.

Regional equity markets remained relatively illiquid and provided limited scope for price discovery. The regional equity indices had mixed performances as there was continued low trading volumes and decreased prices for some of the larger corporations. The Trinidad and Tobago Stock Index increased 7.4% while the Barbados Stock Index and the Jamaica Stock Index declined 3.3% and 8.3%, respectively for the year ended September 30, 2013.

GEOGRAPHICAL ALLOCATION 2013



Regionally, fixed income markets continued to be adversely impacted by the deterioration of the credit quality of various regional sovereign debt, as evidenced by multiple credit rating downgrades by international rating agencies, Standard and Poors (S&P) and Moody's. Early in December 2013, Barbados was downgraded to BB- from BB+ and placed on negative outlook by S&P.

The Funds' aggregate assets stood at $124.3 million at the end of the period September 30, 2013, a decrease of 11.7% from their total assets in 2012. The net income for the funds totaled $0.5 million for the period. Interest income of $3.6 million accounted for the most significant revenue source for the year. The Funds were affected by continued weak economic activity in the regional economies; this regional instability was the main detractor from growth. As global financial markets rallied, their regional counterparts remained depressed, negatively affecting the Funds' performance.

The Sagicor Global Balanced Fund remained committed to the fulfillment of its balanced investment mandate. The Fund's net asset value per unit at the end of the year, stood $2.18 at the end of September 2013, which represented a decline of 1.4% for the year. The total assets for the Sagicor Global Balanced Fund amounted to $63.0 million. The portfolio's asset allocation favoured equities, which represented 60.1% of net assets, while fixed income accounted for 28.8%. Interest income was the main contributor to revenue for the Fund. The local and regional holdings dampened the performance of the portfolio as the markets declined. However, the international holdings moderated the impact of declining regional equity holdings.

The Sagicor Preferred Income Fund gained 1.8% for the year to date period ended September 30, 2013. The Net Asset Value totaled $1.04 for the period. The total assets of the Sagicor Preferred Income stood at $33.0 million at end of the year. Bonds remained the leading asset class and represented 87.1% of the Fund's net assets, while the equity securities accounted for 6.3%.

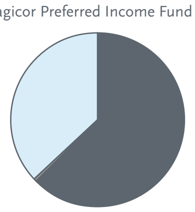
The bond portfolio maintained a regional bias with its core exposure to regional sovereign debt. Prudent management of the portfolio's duration was achieved through a focus on debt with short-term to medium term maturity profiles, while yield enhancement was tempered through the acquisition of investment grade debt. The sovereign bonds acquired included those issued by the Government of Bermuda with a tenor of 10 years, which yielded 4.8%. This served to improve the diversification of the Fund and enhance the credit profile of the portfolio. The bond portfolio was concentrated in sovereign bonds with the largest exposure to issuances by the Government of Barbados.

The main detractor to the performance of the Fund was the further impairment of a regional bond holding. Net Income for the financial year was $0.3 million. Total revenue was recorded at $1.2 million and Interest income remained the main contributor to revenue for the year. The Fund paid a dividend of 1.1 cents in May 2013.

The Sagicor Select Growth Fund advanced by 3.4% for the year ended September 30, 2013. The performance of the Fund benefited from the robust gains experienced within the international equity markets for 2013, which outweighed the relatively depressed performance of the regional equity markets. The net asset value increased to $1.20 from $1.16 recorded for the previous year. Net assets of the Fund were $28.6 million in 2013. Revenue totaled $1.7 million while net gains totaled $1.0 million and were the main contributor to revenue.

GEOGRAPHICAL ALLOCATION 2013

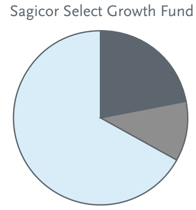
Sagicor Preferred Income Fund



Local	62.7%
Regional	0.4%
International	36.9%

GEOGRAPHICAL ALLOCATION 2013

Sagicor Select Growth Fund



Local	22.1%
Regional	11.0%
International	66.9%

Investment Objectives

Chairman's Report

Investment Report

Directors, Secretary, Auditors and Bankers

Asset Management Staff

Barbados Sales Staff

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Our strategy continued to favour expansion within the international equity portfolio, which remained the catalyst for optimal diversification and growth in light of the persistent illiquidity and limited opportunities for price discovery in regional markets. The Fund's asset allocation maintained a significant bias towards risk seeking assets. Equities represented 87.8% of net assets, while a relatively marginal exposure to fixed income totaled 7.6%. Within the equity asset class, quoted equity securities accounted for 78.1% and exposure to managed mutual funds totaled 21.9%.

The Fund's international equity portfolio remained globally diversified with core exposure to the US equity market. However, exposures to emerging market equities negatively impacted the overall performance of the international equity segment. During the year, the Fund tactically reduced its exposure to emerging market equities and maintained an overweight position to developed markets equities. Developed market equities are expected to lead equity market returns in the short to medium term.

Conclusion

The developed markets including the US and European Union have reported improved economic data. The Federal Reserve and the European Central Bank have maintained their accommodative monetary policy stance, with the US continuing its $85 million monthly bond repurchase program. There is a continued effort to improve the drivers of economic growth and strengthen these financial systems. The incipient global recovery that has been experienced in 2013 is expected to persist in 2014, led by developed markets.

Emerging markets growth has declined and BRIC nations have experienced deteriorating fundamentals for the year. Forecasted growth in real output for China and Brazil have been revised downward to 7.5% and 2.0% respectively and Brazil's inflation has increased to approximately 5.9% from 5.8% in 2012. On the backdrop of anticipating tapering of QE, volatility within developed markets has resulted in capital flight from emerging market countries and has negatively impacted asset values.

The Sagicor Fund Inc suite of funds will remain committed to the implementation of their respective strategic investment mandates. The prevailing low interest rate environment coupled with further interest rate uncertainty will continue to favour a short duration strategy. Therefore, we will seek to balance yield enhancement with mitigating interest rate and reinvestment risk through holding bonds with short to medium tenors. We will seek to increase our exposure to high quality sovereign debt aimed to improve the credit profile and diversification of the portfolios. We will continue to institute our international diversification strategy as a value driver for the funds.

As we manage within this challenging investment climate, we will tactically reposition the portfolios and systematically deploy cash where opportunities arise that could maximize the value of the Funds.

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 2014.

If you are prepared, you will be more confident.

DIRECTORS, SECRETARY, AUDITORS AND BANKERS

DIRECTORS	Dr Patricia Downes-Grant 7A Edghill Heights St Thomas, Barbados
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	J. Edward Clarke Bay Tree House Queensway Hastings Christ Church, Barbados
	Dr Grenville Phillips 9 Emerald Ridge Mullins St Peter, Barbados
	David Wright Annex 2A,Dayrells Heights Dayrells, St Michael, Barbados
	Keston Howell 2 La Estancia Drive Diego Martin Trinidad
SECRETARY	Andrew C Greaves 1094 Kingsland Heights Christ Church, Barbados
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

ASSET MANAGEMENT DEPARTMENT STAFF

Dexter Moe, BSc, MBA, ACIS, CFA	Vice President
Patricia Greenidge, FCGA, ACIS, CSE	Treasurer
Lesley Greaves, BSc, MSc	Manager
Omar Kennedy, BA, MBA	Wealth Manager
Simone Simpson, BSBA, CFA	Portfolio Manager
Michael Millar, BSc, MSc	Portfolio Manager
Rebie Cumberbatch, BSc, MBA	Investment Analyst
Leeann Woodroffe, BSc	Mutual Fund Administrator/Broker
Samica Hunte, BSc, MSc	Mutual Fund Administrator/Broker
Annette Phillips-Gay, BA	Assistant Fund Administrator
Kara Newsam, BSc	Investment Officer – Treasury
Lisa Ramsay, BSc	Investment Officer – Treasury
Jodi Harris	Administrative Assistant

BARBADOS SALES STAFF

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Gay Griffith CLU, ChFC

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Charlton Sargeant
Colis Sealey
David Cave
Richard Singh
Robin Taylor
Suleman Nana

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Patricia Gibson
Robert Headley
Wayne Alleyne, LUTCF

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Charles Ishmael
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A good relationship is about collaboration.

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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, 2013, 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, 2013 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 24, 2013
Barbados

Amounts expressed in Barbados Dollars

	Notes	2013	2012
		$	$
ASSETS			
Due from related parties	4	15,632	-
Due from parent company	4	603,478	601,011
Accounts receivable	5	137,326	217,545
Financial investments	6	113,573,995	124,936,879
Cash and cash equivalents		9,988,898	15,064,878
Total assets		124,319,329	140,820,313
LIABILITIES			
Due to related parties	4	300,222	300,951
Due to parent company	4	27,879	28,421
Accounts payable	8	32,596	795,041
Total liabilities (excluding those attributable to fund shareholders)		360,697	1,124,413
Net assets attributable to fund shareholders	9	122,206,292	138,038,402
Total liabilities		122,566,989	139,162,815
EQUITY			
Common shares	10	1,000,000	1,000,000
Retained earnings		752,340	657,498
Total equity		1,752,340	1,657,498
Total liabilities and equity		124,319,329	140,820,313

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

Approved by the Board of Directors on December 24, 2013

Chairman

Director

Statement of Changes in Net Assets Attributable to Fund Shareholders

For the year ended September 30, 2013

Sagicor Funds Incorporated

Amounts expressed in Barbados Dollars

	2013		2012	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	92,304,215	138,038,402	95,974,421	137,348,166
Proceeds from issue of shares	4,512,730	6,155,036	6,755,585	8,709,426
Redemption of shares	(13,697,019)	(22,440,789)	(10,425,791)	(13,726,429)
Net decrease from share transactions	(9,184,289)	(16,285,753)	(3,670,206)	(5,017,003)
Increase in net assets attributable to fund shareholders from operations	-	453,643	-	5,707,239
Balance at end of year	83,119,926	122,206,292	92,304,215	138,038,402

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, 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
Net income for the year	-	94,842	94,842
Balance at September 30, 2013	1,000,000	752,340	1,752,340

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

Statement of Comprehensive Income

For the year ended September 30, 2013

Sagicor Funds Incorporated

Amounts expressed in Barbados Dollars

	Notes	2013 $	2012 $
REVENUE			
Interest income	11	3,629,647	4,136,869
Dividend income		1,440,061	1,733,742
Net (losses)/gains on financial investments	11	(791,277)	4,456,345
		4,278,431	10,326,956
EXPENSES			
Management fee	12	1,766,459	1,759,191
Custodian fee	12	345,274	342,906
Other expenses		920,854	483,127
		3,032,587	2,585,224
INCOME ON ORDINARY ACTIVITIES		1,245,844	7,741,732
FINANCE COSTS			
Distribution to fund shareholders		(371,118)	(1,664,113)
INCOME BEFORE WITHHOLDING TAXES		874,726	6,077,619
Withholding taxes		(326,241)	(312,948)
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME		548,485	5,764,671
ATTRIBUTABLE TO:			
FUND SHAREHOLDERS		453,643	5,707,239
EQUITY HOLDER OF THE FUNDS		94,842	57,432
		548,485	5,764,671

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

Amounts expressed in Barbados Dollars

	2013	2012
	$	$
Cash flows from operating activities		
Increase in net assets attributable to fund shareholders		
from operations and net income for the year	548,485	5,764,671
Changes in operating assets and liabilities		
Due from related parties	(15,632)	19,613
Due from parent company	(2,467)	9,580
Financial investments	11,362,884	3,948,876
Accounts receivable	80,219	52,021
Due to related parties	(729)	97,506
Due to parent company	(542)	(496)
Accounts payable	(762,445)	727,824
Net cash from operating activities	11,209,773	10,619,595
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	6,155,036	8,709,426
Redemption of shares	(22,440,789)	(13,726,429)
Net cash used in financing activities	(16,285,753)	(5,017,003)
Net (decrease)/increase in cash and cash equivalents	(5,075,980)	5,602,592
Cash and cash equivalents - beginning of year	15,064,878	9,462,286
Cash and cash equivalents - end of year	9,988,898	15,064,878
Cash and cash equivalents:		
Cash resources	9,783,191	14,763,008
Call deposits	205,707	301,870
	9,988,898	15,064,878

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

Statement of Financial Position

As of September 30, 2013

Sagicor Global Balanced Fund

Amounts expressed in Barbados Dollars

	Notes	2013 $	2012 $
ASSETS			
Due from related parties	4	15,632	25,214
Due from parent company	4	370,026	365,723
Accounts receivable	5	24,321	95,341
Financial investments	6	53,873,309	66,545,280
Cash and cash equivalents		8,733,564	7,335,845
Total assets		63,016,852	74,367,403
LIABILITIES			
Due to related parties	4	2,357,020	301,749
Due to parent company	4	14,704	15,217
Accounts payable	8	17,970	50,566
Total liabilities (excluding those attributable to fund shareholders)		2,389,694	367,532
Net assets attributable to fund shareholders	9	60,627,158	73,999,871
Total liabilities		63,016,852	74,367,403
No. of redeemable Global Balanced Fund shares outstanding at end of year		27,799,042	33,413,700
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		2.18	2.21
(Decrease)/increase in net asset value per redeemable Sagicor Global Balanced Fund share at end of year		-1.4%	5.7%

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

Approved by the Board of Directors on December 24, 2013

Chairman

Director

For the year ended September 30, 2013 Amounts expressed in Barbados Dollars

	2013		2012	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	33,413,700	73,999,871	34,366,910	71,972,475
Proceeds from issue of shares	1,003,411	2,225,921	1,262,950	2,632,950
Redemption of shares	(6,618,069)	(14,552,095)	(2,216,160)	(4,682,256)
Net decrease from share transactions	(5,614,658)	(12,326,174)	(953,210)	(2,049,306)
(Decrease)/increase in net assets attributable to fund shareholders from operations	-	(1,046,539)	-	4,076,702
Balance at end of year	27,799,042	60,627,158	33,413,700	73,999,871

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

Statement of Comprehensive Loss
For the year ended September 30, 2013

Sagicor Global Balanced Fund
Amounts expressed in Barbados Dollars

	Notes	2013	2012
		$	$
REVENUE			
Interest income	11	1,553,653	1,656,570
Dividend income		883,019	1,113,255
Net (losses)/gains on financial investments	11	(1,186,201)	3,098,750
		1,250,471	5,868,575
EXPENSES			
Management fee	12	1,278,616	1,278,327
Custodian fee	12	182,659	182,618
Other expenses		696,327	206,186
		2,157,602	1,667,131
(LOSS)/INCOME ON ORDINARY ACTIVITIES		(907,131)	4,201,444
Withholding taxes		(139,408)	(124,742)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME		(1,046,539)	4,076,702

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

Amounts expressed in Barbados Dollars

	2013 $	2012 $
Cash flows from operating activities		
(Decrease)/increase in net assets attributable to fund shareholders from operations and net (loss)/income for the year	(1,046,539)	4,076,702
Changes in operating assets and liabilities		
Due from related parties	9,582	(736)
Due from parent company	(4,303)	(22,549)
Accounts receivable	71,020	24,232
Financial investments	12,671,971	792,459
Due to related parties	2,055,271	118,434
Due to parent company	(513)	(41)
Accounts payable	(32,596)	42,346
Net cash from operating activities	13,723,893	5,030,847
Cash flows from financing activities		
Proceeds from issue of shares	2,225,921	2,632,950
Redemption of shares	(14,552,095)	(4,682,256)
Net cash used in financing activities	(12,326,174)	(2,049,306)
Net increase in cash and cash equivalents	1,397,719	2,981,541
Cash and cash equivalents - beginning of year	7,335,845	4,354,304
Cash and cash equivalents - end of year	8,733,564	7,335,845
Cash and cash equivalents:		
Cash resources	8,733,564	7,335,845

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

Investment Objectives
Chairman's Report
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Directors, Secretary, Auditors and Bankers
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Notes to the Financial Statements

Statement of Financial Position

As of September 30, 2013

Sagicor Preferred Income Fund

Amounts expressed in Barbados Dollars

	Notes	2013 $	2012 $
ASSETS			
Due from related parties	4	1,188,556	71,587
Due from parent company	4	19,471	21,507
Accounts receivable	5	88,281	109,988
Financial investments	6	30,803,784	31,704,130
Cash and cash equivalents		908,960	3,986,388
Total assets		33,009,052	35,893,600
LIABILITIES			
Due to related parties	4	39,237	37,553
Due to parent company	4	7,075	7,251
Accounts payable	8	506	633,101
Total liabilities (excluding those attributable to fund shareholders)		46,818	677,905
Net assets attributable to fund shareholders	9	32,962,234	35,215,695
Total liabilities		33,009,052	35,893,600
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		31,545,389	33,959,755
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		1.04	1.04
Increase/(decrease) in net asset value per redeemable Sagicor Preferred Income Fund share at end of year		0.0%	-2.8%

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

Approved by the Board of Directors on December 24, 2013

Chairman

Director

Amounts expressed in Barbados Dollars

	2013		2012	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	33,959,755	35,215,695	34,689,017	37,178,813
Proceeds from issue of shares	1,647,371	1,724,610	3,271,660	3,437,520
Redemption of shares	(4,061,737)	(4,278,285)	(4,000,922)	(4,244,009)
Net decrease from share transactions	(2,414,366)	(2,553,675)	(729,262)	(806,489)
Increase/(decrease) in net assets attributable to fund shareholders from operations	-	300,214	-	(1,156,629)
Balance at end of year	31,545,389	32,962,234	33,959,755	35,215,695

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

Statement of Comprehensive Income

For the year ended September 30, 2013

Sagicor Preferred Income Fund

Amounts expressed in Barbados Dollars

	Notes	2013 $	2012 $
REVENUE			
Interest income	11	1,855,617	2,260,079
Dividend income		12,750	9,750
Net losses on financial investments	11	(629,828)	(1,133,421)
		1,238,539	1,136,408
EXPENSES			
Management fee	12	266,265	268,143
Custodian fee	12	88,755	89,381
Other expenses		67,590	120,056
		422,610	477,580
INCOME ON ORDINARY ACTIVITIES		815,929	658,828
FINANCE COSTS			
Distribution to fund shareholders		(371,118)	(1,664,113)
INCOME/(LOSS) BEFORE WITHHOLDING TAXES		444,811	(1,005,285)
Withholding taxes		(144,597)	(151,344)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)		300,214	(1,156,629)

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

Amounts expressed in Barbados Dollars

	2013 $	2012 $
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to fund shareholders from operations and net income/(loss) for the year	300,214	(1,156,629)
Changes in operating assets and liabilities		
Due from related parties	(1,116,969)	(39,292)
Due from parent company	2,036	32,129
Accounts receivable	21,707	40,005
Financial investments	900,346	3,791,716
Due to related parties	1,684	(2,488)
Due to parent company	(176)	(440)
Accounts payable	(632,595)	632,613
Net cash (used in)/from operating activities	(523,753)	3,297,614
Cash flows from financing activities		
Proceeds from issue of shares	1,724,610	3,437,520
Redemption of shares	(4,278,285)	(4,244,009)
Net cash used in financing activities	(2,553,675)	(806,489)
Net (decrease)/increase in cash and cash equivalents	(3,077,428)	2,491,125
Cash and cash equivalents - beginning of year	3,986,388	1,495,263
Cash and cash equivalents - end of year	908,960	3,986,388
Cash and cash equivalents:		
Cash resources	703,253	3,684,518
Call deposits	205,707	301,870
	908,960	3,986,388

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

Statement of Financial Position

As of September 30, 2013

Sagicor Select Growth Fund

Amounts expressed in Barbados Dollars

	Notes	2013 $	2012 $
ASSETS			
Due from related parties	4	954,337	-
Due from parent company	4	213,983	213,783
Accounts receivable	5	24,724	12,216
Financial investments	6	27,289,205	25,094,705
Cash and cash equivalents		201,731	3,677,911
Total assets		28,683,980	28,998,615
LIABILITIES			
Due to related parties	4	46,858	58,450
Due to parent company	4	6,098	5,951
Accounts payable	8	14,120	111,374
Total liabilities (excluding those attributable to fund shareholders)		67,076	175,775
Net assets attributable to fund shareholders	9	28,616,904	28,822,840
Total liabilities		28,683,980	28,998,615
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		23,775,495	24,930,760
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		1.20	1.16
Increase in net asset value per redeemable Sagicor Select Growth Fund share at end of year		3.4%	10.5%

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

Approved by the Board of Directors on December 24, 2013

Chairman

Director

Amounts expressed in Barbados Dollars

	2013		2012	
	Number of Shares	Total $	Number of Shares	Total $
Balance at beginning of year	24,930,760	28,822,840	26,918,494	28,196,882
Proceeds from issue of shares	1,861,948	2,204,505	2,220,975	2,638,956
Redemption of shares	(3,017,213)	(3,610,409)	(4,208,709)	(4,800,164)
Net decrease from share transactions	(1,155,265)	(1,405,904)	(1,987,734)	(2,161,208)
Increase in net assets attributable to fund shareholders from operations	-	1,199,968	-	2,787,166
Balance at end of year	23,775,495	28,616,904	24,930,760	28,822,840

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the year ended September 30, 2013

Sagicor Select Growth Fund

Amounts expressed in Barbados Dollars

	Notes	2013	2012
		$	$
REVENUE			
Interest income	11	117,815	121,110
Dividend income		544,292	610,737
Net gains on financial investments	11	1,020,310	2,520,318
		1,682,417	3,252,165
EXPENSES			
Management fee	12	221,578	212,721
Custodian fee	12	73,860	70,907
Other expenses		156,818	156,746
		452,256	440,374
INCOME ON ORDINARY ACTIVITIES		1,230,161	2,811,791
Withholding taxes		(30,193)	(24,625)
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND COMPREHENSIVE INCOME		1,199,968	2,787,166

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

Amounts expressed in Barbados Dollars

	2013	2012
	$	$
Cash flows from operating activities		
Increase in net assets attributable to fund shareholders		
from operations and net income for the year	1,199,968	2,787,166
Changes in operating assets and liabilities		
Due from related parties	(954,337)	8,645
Due from parent company	(200)	-
Accounts receivable	(12,508)	(12,216)
Financial investments	(2,194,500)	(485,994)
Due to related parties	(11,592)	37,528
Due to parent company	147	(15)
Accounts payable	(97,254)	52,865
Net cash (used in)/from operating activities	(2,070,276)	2,387,979
Cash flows from financing activities		
Proceeds from issue of shares	2,204,505	2,638,956
Redemption of shares	(3,610,409)	(4,800,164)
Net cash used in financing activities	(1,405,904)	(2,161,208)
Net (decrease)/increase in cash and cash equivalents	(3,476,180)	226,771
Cash and cash equivalents - beginning of year	3,677,911	3,451,140
Cash and cash equivalents - end of year	201,731	3,677,911
Cash and cash equivalents comprise:		
Cash resources	201,731	3,677,911

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 in Barbados 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 international equities, other mutual funds with growth strategies and other select securities.

Sagicor Asset Management Inc. is the appointed Investment Advisor and Manager of the Funds and administers the Funds from its offices at Cecil F. DeCaires Building, 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 financial position or performance of the Funds.

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)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(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.

IFRS 7 – Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendment) (effective 1 January 2013)
IFRS 9 – Financial Instruments: Classification and Measurement (effective 1 January 2015)
IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)
IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Amendments) (effective 1 January 2014)
IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2013)
IFRS 13 – Fair Value Measurement (effective 1 January 2013)
IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments) (effective 1 January 2014)
IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36 (effective 1 January 2014)
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39 (effective 1 January 2014)
Improvements to International Financial Reporting Standards — 2009-2011 Cycle (effective 1 January 2013)

Other than IFRS 9 and IFRS 13, all new standards, interpretations and amendments to existing standards shown above are not expected to have an 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 currency.

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	
	2013 closing rate	2013 average rate	2012 closing rate	2012 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	51.56	49.09	44.84	44.77
Trinidad & Tobago dollar	3.21	3.20	3.21	3.19
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 or loss and;
- loans and receivables

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

Financial assets and liabilities at fair value through profit or 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 mutual 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 SGBF and 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.

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.

Amounts expressed in Barbados Dollars

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

	2013 $	2012 $
Sagicor Global Balanced Fund		
Unsettled trades	-	12,932
Dividend receivable	-	45,326
Other	24,321	37,083
	24,321	95,341
Sagicor Preferred Income Fund		
Interest receivable	84,746	65,189
Other	3,535	44,799
	88,281	109,988
Sagicor Select Growth Fund		
Dividend receivable	-	3,602
Unsettled trades	24,724	8,614
	24,724	12,216
Total Funds accounts receivable	137,326	217,545

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS

Analysis of financial investments

	2013 $	2012 $
Sagicor Funds Incorporated		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	1,215,284	1,210,843
Loans and receivables:		
Deposits	392,413	381,921
Total Sagicor Funds Incorporated financial investments	1,607,697	1,592,764
Sagicor Global Balanced Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	15,406,063	24,194,793
Corporate debt securities	1,630,209	3,372,285
Total fixed income securities	17,036,272	27,567,078
Equity securities		
Quoted equity securities	29,094,994	30,784,473
Managed mutual funds	7,337,740	8,000,787
Total equity securities	36,432,734	38,785,260
Loans and receivables:		
Government debt securities	177,579	192,942
Deposits	226,724	-
	404,303	192,942
Total Sagicor Global Balanced Fund's financial investments	53,873,309	66,545,280

Amounts expressed in Barbados Dollars

6. FINANCIAL INVESTMENTS (continued)

	2013 $	2012 $
Sagicor Preferred Income Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	24,593,005	24,728,403
Corporate debt securities	1,956,153	3,686,097
Total fixed income securities	26,549,158	28,414,500
Equity securities		
Quoted equity securities	450,000	375,000
Managed mutual funds	1,637,604	-
Total equity securities	2,087,604	375,000
Loans and receivables:		
Corporate debt securities	412,999	676,916
Government debt securities	1,183,384	1,283,198
Deposits	570,639	954,516
	2,167,022	2,914,630
Total Sagicor Preferred Income Fund's financial investments	30,803,784	31,704,130

	2013 $	2012 $
Sagicor Select Growth Fund		
Securities at fair value through profit and loss:		
Fixed income securities		
Government debt securities	464,032	2,215,026
Corporate debt securities	1,699,379	1,993,844
Total fixed income securities	2,163,411	4,208,870
Equity securities		
Quoted equity securities	19,613,934	16,879,674
Managed mutual funds	5,511,860	4,006,161
Total equity securities	25,125,794	20,885,835
Total Sagicor Select Growth Fund's financial investments	27,289,205	25,094,705
Total Funds financial investments	113,573,995	124,936,879

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.

	2013		2012	
	$	%	$	%
Sagicor Funds Incorporated				
Debt securities	1,215,284	70	1,210,843	73
Loans and receivables	392,413	22	381,921	23
Cash and cash equivalents	144,643	8	64,734	4
Total balance sheet exposures	1,752,340	100	1,657,498	100
Sagicor Global Balanced Fund				
Due from related parties	15,632	-	25,214	-
Due from parent company	370,026	1	365,723	1
Accounts receivable	24,321	-	95,341	-
Debt securities	17,036,272	64	27,567,078	78
Loans and receivables	404,303	2	192,942	-
Cash and cash equivalents	8,733,564	33	7,335,845	21
Total balance sheet exposures	26,584,118	100	35,582,143	100

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

	2013		2012	
	$	%	$	%
Sagicor Preferred Income Fund				
Due from related parties	1,188,556	4	71,587	-
Due from parent company	19,471	-	21,507	-
Accounts receivable	88,281	-	109,988	-
Debt securities	26,549,158	86	28,414,500	81
Loans and receivables	2,167,022	7	2,914,630	8
Cash and cash equivalents	908,960	3	3,986,388	11
Total balance sheet exposures	30,921,448	100	35,518,600	100
Sagicor Select Growth Fund				
Due from related parties	954,337	27	-	-
Due from parent company	213,983	6	213,783	3
Accounts receivable	24,724	-	12,216	-
Debt securities	2,163,411	61	4,208,870	52
Cash and cash equivalents	201,731	6	3,677,911	45
Total balance sheet exposures	3,558,186	100	8,112,780	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.

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

Sagicor Funds Incorporated	2013 $	2012 $
Debt securities:		
Government of Barbados debenture denominated in		
Barbados dollars (rated BB- by Standard and Poors)	1,215,284	1,210,843
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (rated BBB+ by Standard and Poors)	537,056	446,655
Sagicor Global Balanced Fund		
Debt securities:		
Government of Barbados debt securities denominated in		
United States dollars (rated BB- by Standard and Poors)	667,372	717,212
Government of Barbados debt securities denominated in		
Barbados dollars (rated BB- by Standard and Poors)	8,058,141	14,243,437
Government of Curacao debt securities denominated in		
Netherland Antilles Florins (rated A- by Standard and Poors)	4,797,656	5,099,247
Simpson Finance Limited debt securities denominated in		
Barbados dollars (unrated)	1,630,209	1,839,959
Government of Aruba debt securities denominated in		
United States dollars (rated BBB+ by Standard and Poors)	1,148,415	1,190,218
United States Treasury note – denominated in		
United States dollars (rated AA+ by Standard and Poors)	-	2,206,885
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (rated BBB+ by Standard and Poors)	3,750,896	1,044,713
Morgan Stanley (rated A- by Standard and Poors)	4,179,337	4,579,815
Oppenheimer & Co. Inc (rated B by Standard and Poors)	214,306	278,875
CIBC FirstCaribbean International Bank (unrated)	6,731	175,389
Bank of Montreal (rated A+ by Standard and Poors)	157,318	975,276
Maudro and Curiel's Bank N.V. (unrated)	651,376	281,456

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

	2013 $	2012 $
Sagicor Preferred Income Fund		
Debt securities:		
Government of Barbados debt securities denominated in United States dollars (rated BB- by Standard and Poors)	2,685,017	2,233,226
Government of Barbados debt securities denominated in Barbados dollars (rated BB- by Standard and Poors)	17,890,367	17,897,833
Government of Bermuda debt securities denominated in United States dollars (rated AA- by Standard and Poors)	1,321,134	-
Government of Bahamas debt securities denominated in United States dollars (rated BBB by Standard and Poors)	-	1,210,097
Government of St. Kitts and Nevis debt securities denominated in United States dollars (unrated)	1,183,384	1,285,765
Simpson Finance Limited debt securities denominated in Barbados dollars (unrated)	1,086,806	1,226,640
Princess Juliana debt securities denominated in United States dollars (unrated)	-	1,107,375
Government of Aruba debt securities denominated in United States dollars (rated BBB+ by Standard and Poors)	1,189,716	1,232,936
Government of Dominican Republic denominated in United States dollars (unrated)	651,937	747,294
Deposits and cash resources:		
First Citizens Bank (Barbados) Limited (rated BBB+ by Standard and Poors)	-	959,958
Oppenheimer & Co Inc. (rated B by Standard and Poors)	934,272	2,193,879
CIBC FirstCaribbean International Bank (unrated)	766,251	1,356,369
Morgan Stanley (rated A- by Standard and Poors)	444,439	430,698
RBTT Bank (SKN) Limited (unrated)	60,055	-

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.1 Credit risk (continued)

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

	2013 $	2012 $
Sagicor Select Growth Fund		
Debt securities:		
Government of Barbados debt securities - denominated in		
Barbados dollars (rated BB- by Standard and Poors)	-	254,948
Simpson Finance Limited - denominated in		
Barbados dollars (unrated)	1,132,090	1,277,750
United States Treasury note - denominated in		
United States dollars (rated AA+ by Standard and Poors)	460,652	1,935,304
Deposits and cash resources:		
Oppenheimer & Co Inc.(rated B by Standard and Poors)	352,416	2,089,578
Morgan Stanley (rated A- by Standard and Poors)	556,795	1,608,616

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, 2013	Change in fair value $	Attributable to credit risk $
Sagicor Global Balanced Fund	(868,185)	(139,414)
Sagicor Preferred Income Fund	(956,023)	(510,488)
Sagicor Select Growth Fund	(163,704)	(70,487)

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 $264,380 (2012 – $162,972) 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.

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 2013 and 2012, 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, 2013				
Sagicor Funds Incorporated	-	1,215,284	-	1,215,284
Sagicor Global Balanced Fund	3,722,675	4,983,628	8,507,548	17,213,851
Sagicor Preferred Income Fund	1,936,658	11,141,549	15,067,334	28,145,541
Sagicor Select Growth Fund	82,034	714,300	1,367,077	2,163,411
Total	5,741,367	18,054,761	24,941,959	48,738,087
As of September 30, 2012				
Sagicor Funds Incorporated	-	-	1,210,843	1,210,843
Sagicor Global Balanced Fund	1,980,891	13,375,635	12,403,494	27,760,020
Sagicor Preferred Income Fund	1,549,394	10,382,695	18,442,525	30,374,614
Sagicor Select Growth Fund	1,388,482	2,247,828	572,560	4,208,870
Total	4,918,767	26,006,158	32,629,422	63,554,347

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 2013 and 2012.

(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, 2013			
Sagicor Funds Incorporated	-	144,643	144,643
Sagicor Global Balanced Fund	4,818,618	3,914,946	8,733,564
Sagicor Preferred Income Fund	908,960	-	908,960
Sagicor Select Growth Fund	201,731	-	201,731
All Funds	5,929,309	4,059,589	9,988,898
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

Amounts expressed in Barbados Dollars

7. **FINANCIAL RISK (continued)**

7.3 Interest rate risk (continued)

(b) Financial assets (continued)

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

	2013		2012	
	Deposits	Debt securities	Deposits	Debt securities
Sagicor Funds Incorporated	2.9%	7.8%	2.7%	7.8%
Sagicor Global Balanced Fund	0.0%	7.1%	0.0%	6.2%
Sagicor Preferred Income Fund	2.9%	6.4%	1.0%	7.2%
Sagicor Select Growth Fund	0.0%	3.7%	0.4%	3.7%

Sensitivity

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

	2013 $	2012 $
Sagicor Global Balanced Fund		
Total debt securities at fair value through profit and loss	17,036,272	27,567,078
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(547,808)	(1,135,751)
Sagicor Preferred Income Fund		
Total debt securities at fair value through profit and loss	26,549,158	28,414,500
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(997,838)	(1,229,429)
Sagicor Select Growth Fund		
Total debt securities at fair value through profit and loss	2,163,411	4,208,870
Revenue effect and effect on income from ordinary activities of an increase in interest rates of 1%	(100,789)	(112,470)

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, 2013							
Assets	25,990,075	102,339	2,086,184	348,118	28,836,944	5,653,192	63,016,852
Liabilties	(2,384,426)	-	-	-	(5,268)	-	(2,389,694)
Net assets attributable to fund shareholders	23,605,649	102,339	2,086,184	348,118	28,831,676	5,653,192	60,627,158
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
Liabilities	(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

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, 2013							
Assets	20,714,355	-	-	139,513	11,858,059	297,125	33,009,052
Liabilities	(46,818)	-	-	-	-	-	(46,818)
Net assets attributable to fund shareholders	20,667,537	-	-	139,513	11,858,059	297,125	32,962,234
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

Sagicor Select Growth Fund

	Balances denominated in						
	Barbados $	Jamaica $	Trinidad $	EC $	US $	Other currencies $	Total $
As of September 30, 2013							
Assets	6,386,509	-	3,149,306	-	19,148,165	-	28,683,980
Liabilities	(53,602)	-	-	-	(13,474)	-	(67,076)
Net assets attributable to fund shareholders	6,332,907	-	3,149,306	-	19,134,691	-	28,616,904
As of September 30, 2012							
Assets	6,642,628	-	3,089,859	-	19,266,1288	-	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

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, 2013 are considered in the following table.

Sagicor Global Balanced Fund

	2013 $	2012 $
Financial investments denominated in JMD	102,339	4,981,994
Effect of a 5% depreciation as of end of year	(5,117)	(249,100)

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.

	2013		2012	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Sagicor Global Balanced Fund				
Equity securities:				
Local and regional equities	14,467,242	(723,362)	20,524,706	(1,026,235)
US market investments				
Quoted equities	14,627,752	(731,388)	10,259,767	(512,988)
Quoted managed mutual funds	3,216,053	(160,803)	2,611,202	(130,560)
Unquoted managed mutual funds	4,121,687	(206,084)	5,389,585	(269,479)
	36,432,734	(1,821,637)	38,785,260	(1,939,262)

Amounts expressed in Barbados Dollars

7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	2013		2012	
	Fair value $	Effect of a 5% decline $	Fair value $	Effect of a 5% decline $
Sagicor Preferred Income Fund				
Equity securities:				
Local and regional equities	450,000	(22,500)	375,000	(18,750)
US market investments				
Unquoted managed mutual funds	1,637,604	(81,880)	-	-
	2,087,604	(104,380)	375,000	(18,750)
Sagicor Select Growth Fund				
Equity securities:				
Local and regional equities	7,918,126	(395,906)	7,994,074	(399,704)
US market investments				
Quoted equities	11,695,808	(584,790)	8,885,600	(444,280)
Quoted managed mutual funds	1,567,348	(78,367)	1,318,657	(65,933)
Unquoted managed mutual funds	3,944,512	(197,226)	2,687,504	(134,375)
	25,125,794	(1,256,289)	20,885,835	(1,044,292)

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, 2013				
Fixed income securities	-	17,036,272	-	17,036,272
Equity investments	29,094,994	-	-	29,094,994
Managed mutual funds	3,216,053	604,256	3,517,431	7,337,740
	32,311,047	17,640,528	3,517,431	53,469,006
As of September 30, 2012				
Fixed income securities	-	27,567,078	-	27,567,078
Equity investments	30,784,473	-	-	30,784,473
Managed mutual funds	2,611,202	5,310,008	79,577	8,000,787
	33,395,675	32,877,086	79,577	66,352,338

Sagicor Preferred Income Fund

	Level 1 $	Level 2 $	Level 3 $	Total $
As of September 30, 2013				
Fixed income securities	-	26,549,158	-	26,549,158
Equity investments	450,000	-	-	450,000
Managed mutual funds	-	-	1,637,604	1,637,604
	450,000	26,549,158	1,637,604	28,636,762
As of September 30, 2012				
Fixed income securities	-	28,414,500	-	28,414,500
Equity investments	375,000	-	-	375,000
	375,000	28,414,500	-	28,789,500

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7. FINANCIAL RISK (continued)

7.5 Other price risk (continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
Sagicor Select Growth Fund				
As of September 30, 2013				
Fixed income securities	-	2,163,411	-	2,163,411
Equity investments	19,613,934	-	-	19,613,934
Managed mutual funds	2,666,346	1,105,178	1,740,336	5,511,860
	22,280,280	3,268,589	1,740,336	27,289,205
As of September 30, 2012				
Fixed income securities	-	4,208,870	-	4,208,870
Equity investments	16,879,674	-	-	16,879,674
Managed mutual funds	1,318,657	2,666,680	20,824	4,006,161
	18,198,331	6,875,550	20,824	25,094,705

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 funds 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 a fund's underlying 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 either Level 2 or Level 3. Quoted funds are classified as Level 1.

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

	SGBF $	SPIF $	SSGF $	Total $
As of September 30, 2011	173,305	-	48,664	221,969
Disposals	(89,747)	-	(18,722)	(108,469)
Net losses	(3,981)	-	(9,118)	(13,099)
As of September 30, 2012	79,577	-	20,824	100,401
Purchases	3,396,532	1,600,000	1,698,567	6,695,099
Net gains	76,267	37,604	36,167	150,038
Disposals	(34,945)	-	(15,222)	(50,167)
As of September 30, 2013	3,517,431	1,637,604	1,740,336	6,895,371

There were no transfers between categories during the period.

7.6 Fair value of financial instruments

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

8. ACCOUNTS PAYABLE

	2013 $	2012 $
Sagicor Global Balanced Fund		
Redemptions payable	12,702	49,600
Other	5,268	966
	17,970	50,566
Sagicor Preferred Income Fund		
Redemptions payable	506	9,964
Subscriptions pending	-	623,137
	506	633,101
Sagicor Select Growth Fund		
Redemptions payable	646	106,504
Subscriptions pending	13,474	4,870
	14,120	111,374
Total Funds accounts payable	32,596	795,041

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.

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.

10. COMMON SHARES

Authorized:

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

	2013 $	2012 $
Issued:		
1,000,000 (2012 – 1,000,000) common shares	1,000,000	1,000,000

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

	2013 $	2012 $
Sagicor Funds Incorporated		
Debt securities	91,460	91,460
Deposits	11,102	7,650
	102,562	99,110
Sagicor Global Balanced Fund		
Debt securities	1,546,147	1,653,454
Deposits	7,506	3,116
	1,553,653	1,656,570
Sagicor Preferred Income Fund		
Debt securities	1,826,757	2,248,963
Deposits	28,860	11,116
	1,855,617	2,260,079
Sagicor Select Growth Fund		
Debt securities	116,039	118,176
Deposits	1,776	2,934
	117,815	121,110
Total Funds interest income	3,629,647	4,136,869

Amounts expressed in Barbados Dollars

11. INVESTMENT INCOME (continued)

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

	2013 $	2012 $
Sagicor Funds Incorporated		
Debt securities	4,442	(29,302)
Sagicor Global Balanced Fund		
Debt securities	(690,806)	(204,045)
Equities	(591,144)	3,302,050
Foreign exchange losses	95,749	745
	(1,186,201)	3,098,750
Sagicor Preferred Income Fund		
Debt securities	(490,273)	(895,449)
Equities	112,604	(75,000)
Foreign exchange gains	12,221	-
Impairment expense	(264,380)	(162,972)
	(629,828)	(1,133,421)
Sagicor Select Growth Fund		
Debt securities	(167,804)	43,522
Equities	1,177,226	2,476,796
Foreign exchange gains	10,888	-
	1,020,310	2,520,318
Total Funds net (losses)/gains on financial investments	(791,277)	4,456,345

Amounts expressed in Barbados Dollars

12. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

	2013 $	2012 $
Sagicor Global Balanced Fund		
Management fee	1,278,616	1,278,327
Custodian fee	182,659	182,618
Sagicor Preferred Income Fund		
Management fee	266,265	268,143
Custodian fee	88,755	89,381
Sagicor Select Growth Fund		
Management fee	221,578	212,721
Custodian fee	73,860	70,907

(b) Shares held by related parties

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

	2013 $	2012 $
Sagicor Global Balanced Fund		
Sagicor Life Inc		
Number of Shares held at September 30	-	4,679,327
Sagicor Preferred Income Fund		
Sagicor Life Inc		
Number of Shares held at September 30	-	1,000,000
Sagicor Select Growth Fund		
Sagicor Life Inc		
Number of Shares held at September 30	-	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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