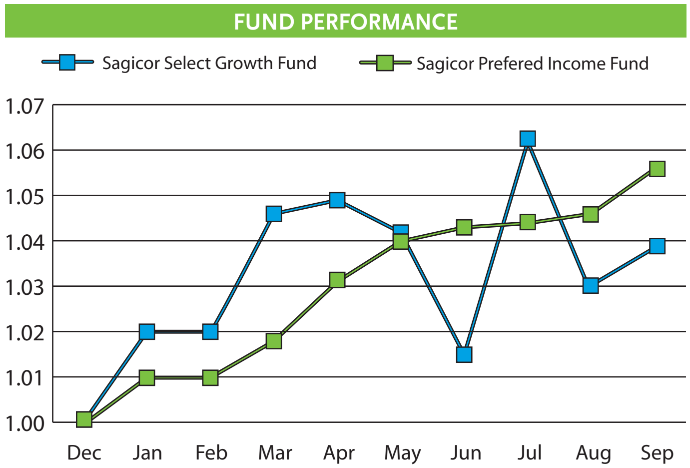
INVESTMENT COMMENTARY

Sagicor Funds Inc

September 2005

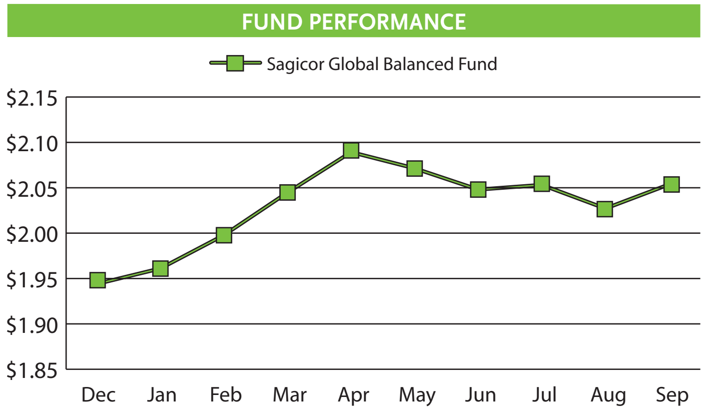
Sagicor
MUTUAL FUNDS

The third quarter of 2005 was characterized by volatility within the global financial markets. The passing of hurricanes Katrina and Rita significantly limited oil refining capacity resulting in prices reaching new highs on the international markets. These factors, along with inflationary concerns constrained aggregate growth. During this period, rising interest rates compressed returns in the equity and fixed income markets with the equity markets marginally outperforming the fixed income markets during the quarter.



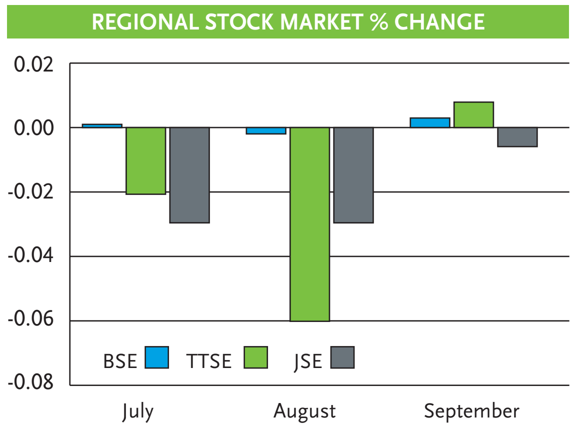
The U.S. Federal Reserve continued to tighten monetary policy increasing interest rates twice during the third quarter. This action stemmed from concerns that inflationary pressures had increased. Interest rates increased from 3.25% to 3.75% during the period. The Federal Reserve maintained their accommodative stance indicating that output continued to grow despite higher oil prices. In Barbados, the savings rate rose from 3.75% to 4.25%, the third such increase in five months as the government sought to curtail the strong demand for credit and the high level of imports.

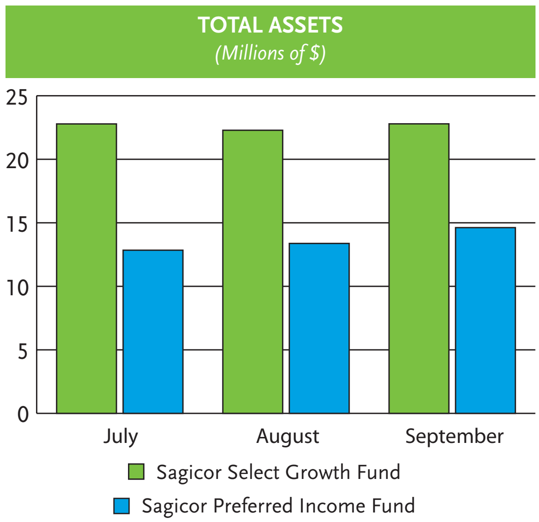
For the quarter, the Dow Jones Industrial index increased 2.86% and the Standard and Poors 500 and the Nasdaq indices recorded 3.15% and 4.61% gains respectively. The Dow Jones Industrial index and the Nasdaq index posted losses of 1.99% and 1.09% for the year-to-date period ended September 30, 2005. The Standard and Poors was up 1.39% for the period. Although geopolitical and economic concerns continue to weigh on the regional and international markets, they have shown to be surprising in the current environment.

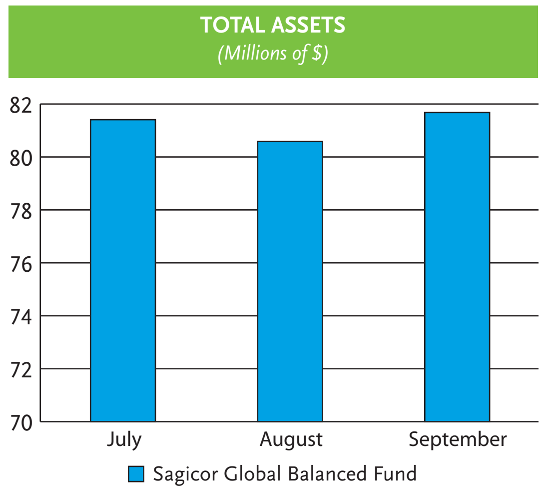


During the third quarter, the Sagicor Select Growth Fund grew by 2.36% to $1.04 whilst the Sagicor Preferred Income Fund grew a further 1.25% to $1.06. These funds had net assets of $19.9 million and $14.5 million respectively. The Sagicor Global Balanced Fund saw a marginal rise during the third quarter of 2005 advancing by 0.43%. Net assets of the Fund totalled $78.5 million and the net asset value was $2.06 at September 30, 2005. Year-to-date returns for the Balanced Fund were 5.6%, the Growth Fund was 4.0%, and the Income Fund 6.0%.

The regional markets with the exception of Jamaica have achieved positive returns. The Barbados stock index outperformed the Trinidad and Jamaica indices. Barbados was the leading index for the third quarter of 2005 and achieved a return of 0.24% representing a total return of 6.44% for the year-to-date period ending September 30, 2005. In Trinidad and Jamaica the stock indices had negative returns for the quarter recording losses of 7.47% and 6.60% respectively. The Trinidad index was up 6.56% for the year while the Jamaica index was down 8.28% for the year.







The Global Balanced Fund recorded net income of $324,535. Unrealized gains were a major contributor to this income. Net Income for the Select Growth Fund was $44,479 and the Preferred Income Fund $195,977 for the quarter.

Inflation concerns and rising oil prices will see a downward revision in the global GDP forecast for 2005. This has dampened the outlook for 2005 though it still remains positive. Local, regional, and international stocks are still expected to advance for 2005. The returns this year are however projected to be lower than the returns for 2004.

FINANCIAL HIGHLIGHTS AT SEPTEMBER 30, 2005			
	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 53,810,250	$ 17,752,476	$ 12,049,736
Net Assets	$ 78,495,821	$ 19,912,363	$ 14,570,315
Net Asset Value	$ 2.06	$ 1.04	$ 1.06
Number of Units	38,141,283	19,163,481	13,799,307
Net Income (YTD)	$ 581,672	$ 49,183	$ 585,220
Portfolio Appreciation	$ 16,758,796	$ 1,033,000	$ 74,235
Interest Accrued on Investments	$ 385,653	$ 0	$ 453,140