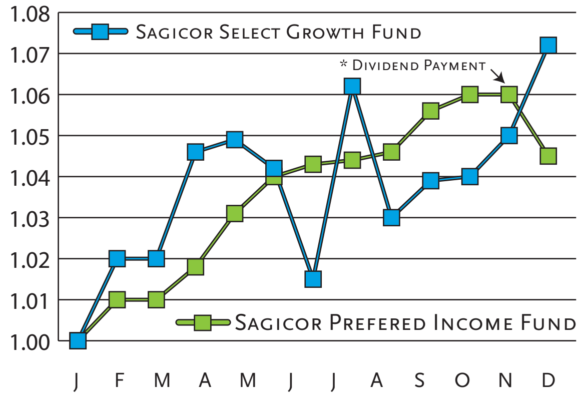
INVESTMENT COMMENTARY

Sagicor Funds Inc

December 2005

The fourth quarter of 2005 showed less volatility and greater levels of growth within the global financial markets than in the previous quarters. The price of oil, a major industrial input, retreated from its highs and hovered around $60 per barrel for much of the quarter. However, prevailing inflationary concerns continued to constrain aggregate growth.

FUND PERFORMANCE

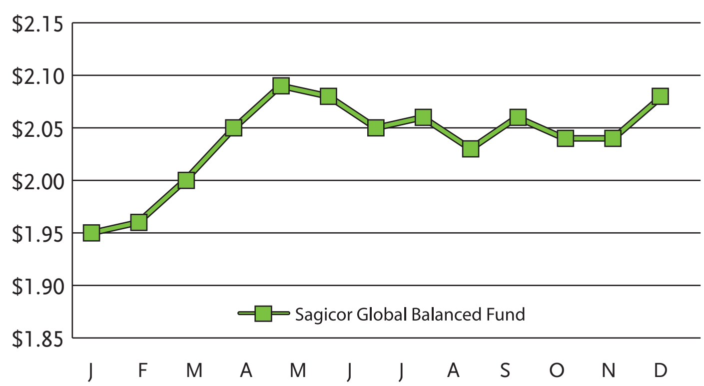


* Sagicor Prefered Fund traded ex-div from December 1, 2005

The U.S. Federal Reserve continued to tighten monetary policy, increasing interest rates twice during the last quarter of the year. This action stemmed from concerns that increased inflationary pressures continued to exist. The interest rates increased from 3.75% to 4.25% during the period. The Federal Reserve maintained its accommodative stance indicating that output continued to grow despite higher oil prices. In Barbados, the savings rate rose from 4.25% to 4.75%, the fourth such increase in eight months. The Central Bank indicated that, despite earlier interest rates increases, there was still a strong level of demand for credit from the commercial banks.

During this quarter the Dow Jones Industrial index increased by 1.4% and the Standard and Poors 500 and the Nasdaq indices recorded 1.6% and 2.5% gains respectively. The Dow Jones Industrial index posted losses of 0.6% for the year to date period ended December 31, 2005. The Nasdaq and the Standard and Poors indices posted gains of 1.4% and 3.0% respectively for the same period.

FUND PERFORMANCE



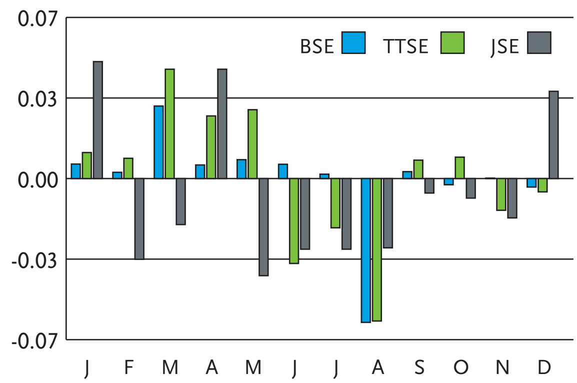
For the year to date period ended December 31, 2005, the Sagicor Preferred Income Fund recorded a gain of 7.9%, the Sagicor Select Growth Fund and the Sagicor Global Balanced Fund recorded gains of 7.2% and 6.8% respectively. During the fourth quarter the Sagicor Select Growth Fund increased by 3.2% to $1.07 whilst the Sagicor Global Balanced Fund grew a further 1.1% to $2.08. The Preferred Income Fund declared a 3.36 cent dividend to its shareholders in November. The Fund increased by 2.1% for the quarter and ended the year at $1.05. At the end of their first year in operation, the Sagicor Select Growth Fund and the Sagicor Preferred Income Fund had net assets of $21.5 million and $15.2 million respectively. At the end of the period, the Sagicor Global Balanced Fund had net assets of $79.6 million.

The Jamaica Stock Exchange, which provided a 1.1% return, was the only regional index to complete the fourth quarter with positive returns. The Barbados Stock Exchange and the Trinidad Stock Exchange recorded loses of 0.6% and 1.4% respectively. For the year, the Barbados stock index outperformed the Trinidad and Jamaica indices. Barbados achieved a return of 5.8% whilst the Jamaica and Trinidad stock indices declined 7.2% and 0.7% respectively. Although the Jamaica Stock Exchange performed poorly, most of the losses had been recovered by the end of the year.

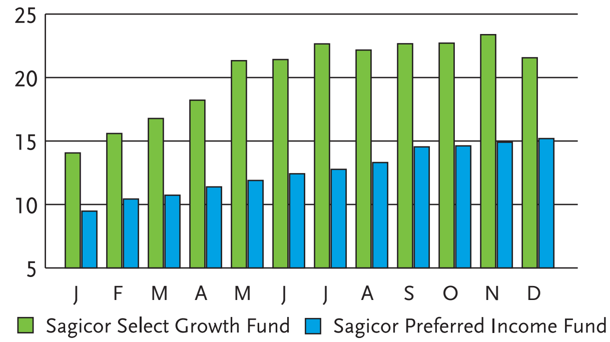
For the quarter, the Global Balanced Fund recorded net income of $55,886. Unrealized gains were a major contributor to this income. The Select Growth Fund made a net loss of $112,828 whereas the Preferred Income Fund realized net income of $61,217 for the quarter. For the year to date, period ended December 31, 2005, net income of the Sagicor Global Balanced Fund was $637,558 and $646,437 for the Sagicor Preferred Income Fund. The Sagicor Select Growth Fund made a net loss of $63,646.

Concerns about inflation and rising oil prices were alleviated somewhat as the United States Federal Reserve became more optimistic about the 2005 GDP forecast. Although the outlook for 2006 was dampened, the looming threats to the global economy were not as intimidating to international investors. The inversion of the US yield curve, however, has caused some nervous speculation amongst global investors and economists alike. Local, regional, and international stocks are still expected to advance for 2006 albeit in a reserved manner.

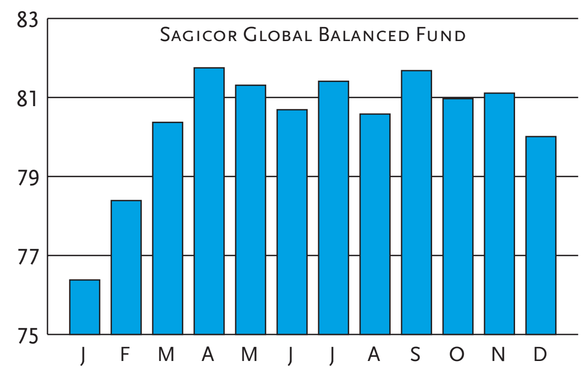
REGIONAL STOCK MARKET % CHANGE



TOTAL ASSETS
(Millions of $)



GROWTH IN ASSETS
(Millions of $)



FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2005	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 56,982,114	$ 19,884,455	$ 14,097,656
Net Assets	$ 79,602,914	$ 21,548,037	$ 15,208,352
Net Asset Value	$ 2.08	$ 1.07	$ 1.05
Number of Units	38,258,866	20,104,014	14,552,121
Net Income (YTD)	$ 637,558	$ (63,646)	$ 646,437
Portfolio Appreciation	$ 17,205,113	$ 1,447,365	$ 514,498
Interest Accrued on Investments	$ 510,321	$ 0	$ 464,168