Sagicor
MUTUAL FUNDS

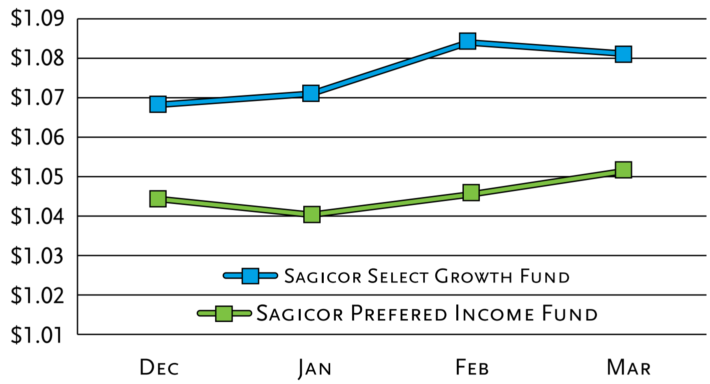
INVESTMENT COMMENTARY

Sagicor Funds Inc

March 2007

The first quarter of 2007 was marked with increased instability and a volatile investment climate. Fears of an over-valued stock market in China sparked massive sell-offs in Asia and the United States. Investor sentiment was also subdued by the threat of collapse of the sub-prime market in the US, due to high levels of delinquency. These issues caused the international equity markets to retreat from their 2006 year-end highs during the first quarter of this year.

FUND PERFORMANCE

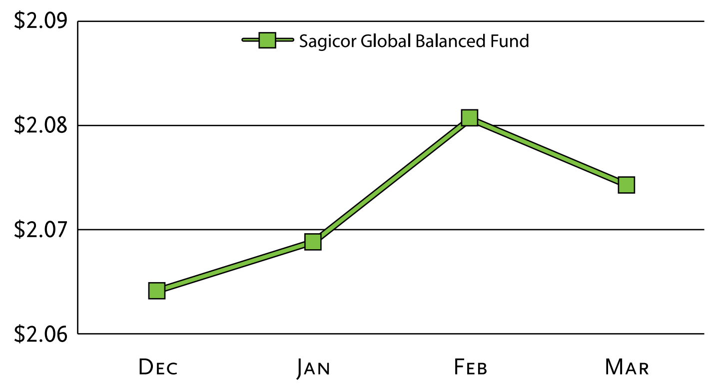


The Federal Reserve maintained its policy stance during the first quarter by holding the federal funds rate at 5.25%. This marked the third quarter that interest rates remained on hold in the US after four successive rate increases during the first six months of 2006. The Federal Reserve indicated in its policy statement that although it expected a moderation of economic activity and a more favorable outlook on inflation for the course of the year, that some inflationary pressures remained.

The international markets have showed some weakness over the first quarter of the year. The Dow Jones Industrial index decreased 0.9% for the year while the Nasdaq and S&P 500 indices recorded marginal gains of 0.3% and 0.2% respectively. These indices contracted as investors weighed concerns over China and as the contagion from the sub-prime loan crisis extended across the financial services industry. Although investors have been showing increased levels of resiliency to macroeconomic stressors, the escalating oil crisis and the Middle-East tensions, have created a cautiously optimistic sentiment.

In Barbados, the discount rate payable by commercial banks on temporary advances from the Central Bank and the savings rate remained at 12.0% and 5.25% respectively for the quarter. Rising interest rates, inflationary pressures, and waning investor sentiment caused a general weakness on the regional exchanges during the first quarter. The Barbados Stock Exchange, which fell 1.7%, was the best regional performer for the quarter. The Trinidad Stock Exchange and the Jamaica Stock Exchange lost their momentum after their rally in the last quarter of 2006. These indices posted losses of 3.7% and 12.3% respectively for the first quarter of 2007.

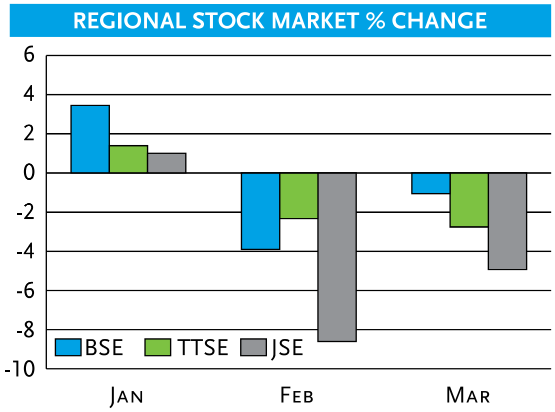
FUND PERFORMANCE

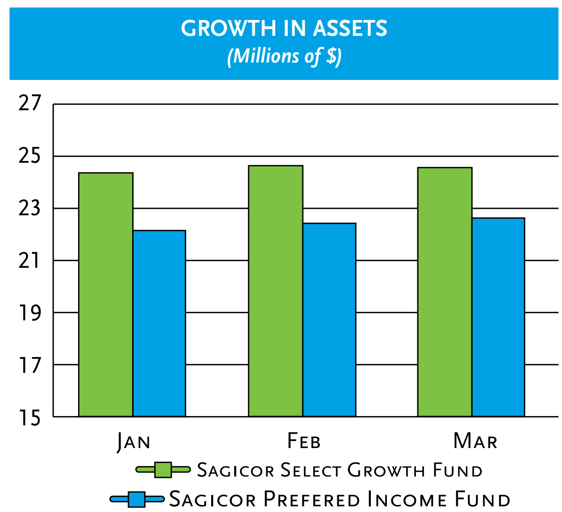


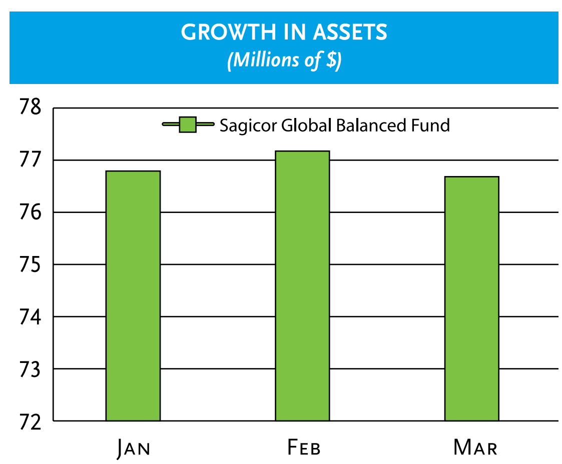
The Sagicor Preferred Income Fund recorded a 0.7% return for the first quarter of 2007. The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund recorded gains of 1.1% and 1.3% respectively. The Global Balanced Fund and the Select Growth Fund were the best performing funds in their respective classes for the quarter. The returns of the mutual fund industry were generally constrained by the continued underperformance of the regional stock indices.

The Global Balanced Fund recorded net income of $507,483 for the quarter. The Select Growth Fund and the Preferred Income Fund realized net income of $185,154 and $339,496 respectively for the quarter. Realized gains were the greatest contributors to net income for the quarter.

International equity markets have shown some resilience amid rising tensions in the Middle-East and credit issues in the lending markets. The accommodative policy stance by major central banks has fuelled global liquidity and this should support capital market growth. Sagicor Funds Inc. remains balanced in its outlook and will seek to minimize the impact of risk exposure and maximize opportunities to create value.







FINANCIAL HIGHLIGHTS AS AT MARCH 31, 2007 (YTD)

	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 64,453,135.73	$ 22,118,029.51	$ 20,427,840.07
Net Assets	$ 76,235,843.48	$ 24,426,521.05	$ 22,293,592.84
Net Asset Value	$ 2.08	$ 1.08	$ 1.05
Number of Units	36,734,458.94	22,594,726.81	21,214,436.12
Net Income (YTD)	$ 507,482.93	$ 185,153.81	$ 339,495.77
Portfolio Appreciation	$ (105,870.41)	$ 106,232.46	$ (62,844.25)
Interest Accrued on Investments	$ 459,359.80	$ 31,534.28	$ 312,060.46