INVESTMENT COMMENTARY

Sagicor Funds Inc

JUNE 2007

Sagicor
MUTUAL FUNDS

The second quarter of 2007 was marked by increased gains in the international equity markets. However, the effects of the sub-prime market collapse in the United States still lingered on the minds of international investors causing them to view the market with cautious optimism. European and Asian markets recovered from their initial first quarter weakness and showed more positive returns in the second quarter.

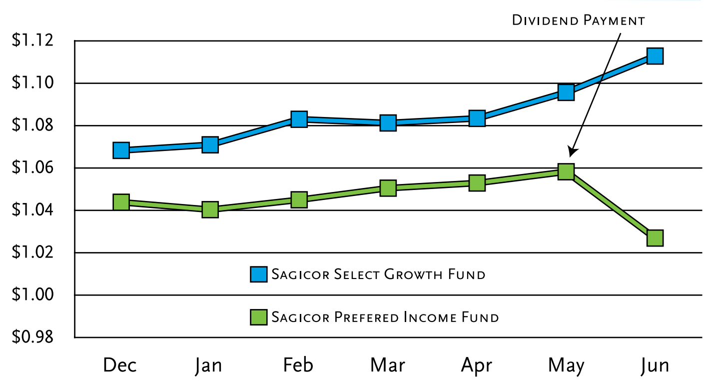
The Federal Reserve maintained its policy stance for the fourth successive quarter holding the federal funds rate at 5.25%. Readings on core inflation improved modestly in the second quarter and economic growth appeared to have moderated over the period. The Federal Open Market Committee remained concerned about inflationary pressures and reiterated that inflationary risks were still prevalent. The outlook for both inflation and economic growth in the second half of the year will dictate future policy action.

The international markets rallied during the second quarter of the year. The Dow Jones Industrial Average closed above 13,000 points for the first time ever in May and the NASDAQ and the S&P 500 showed positive levels of growth over the quarter. The Dow Jones increased 7.6% for the year, while the NASDAQ and S&P indices recorded gains of 6.0% and 7.8% respectively. Despite the escalating oil crisis and the Middle-Eastern tensions, investors benefited from buoyancy in the international markets.

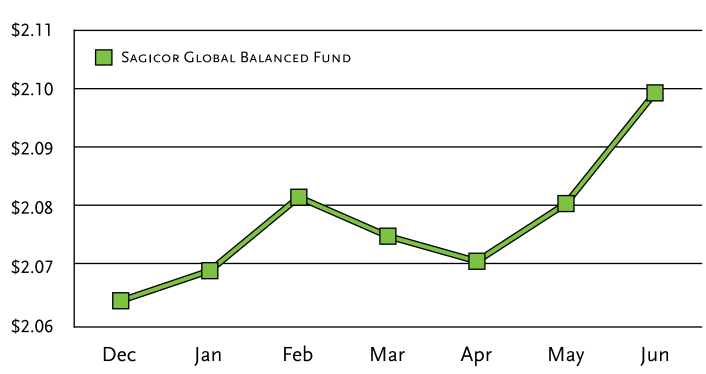
In Barbados, the three-month Treasury Bill rate dropped from 6.57% in January to 5.76% at the beginning of July. The discount rate payable by commercial banks on temporary advances from the Central Bank and the savings rate remained at 12.0% and 5.25% respectively for the year. The regional exchanges remained relatively weak in the second quarter. The Barbados Stock Index, which fell 0.6%, was the best regional performer for the year to date period. The Trinidad Stock Index and the Jamaica Stock Index have lost 4.9% and 11.6% respectively so far in 2007.

The underperformance of the regional indices continued to weigh on the mutual fund industry. However, the Sagicor Global Balanced Fund and the Sagicor Select Growth Fund recorded gains of 1.7% and 4.1% for the year

FUND PERFORMANCE 2007



FUND PERFORMANCE 2007

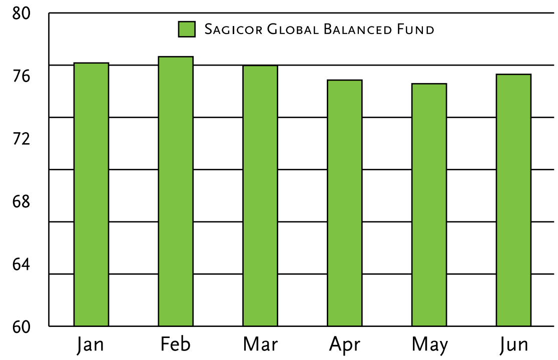


respectively. The Sagicor Preferred Income Fund recorded a 1.1% return for the year and paid a dividend of 3.03 cents per share in May. By the end of the second quarter, the Select Growth Fund was the best performing fund in its class. It was also the best performing Barbados based Fund. The Global Balanced Fund and the Preferred Income Fund also performed creditably in their respective classes.

The Global Balanced Fund recorded a net investment income of $172,554 for the quarter. The Select Growth Fund and the Preferred Income Fund realized net investment income of $55,021 and $341,444 respectively for the quarter. Realized gains also contributed to net income for the quarter.

The outlook for the rest of 2007 remains optimistic. Interest rates are expected to moderate at a steady monitored pace and international equities are expected to continue to advance for the balance of the year. The strength in the developed and emerging markets has caused investor sentiment to remain positive towards equities. However, the markets remain vulnerable to macroeconomic and geopolitical shocks, particularly rising oil prices.

GROWTH IN ASSETS
(Millions of $)



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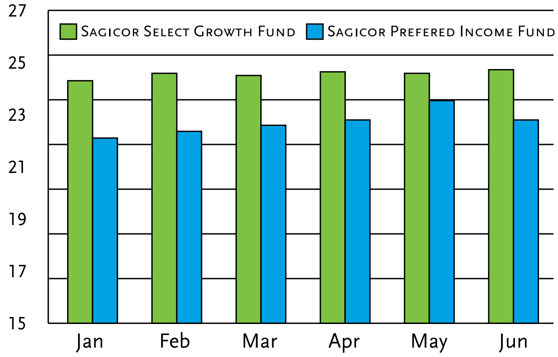
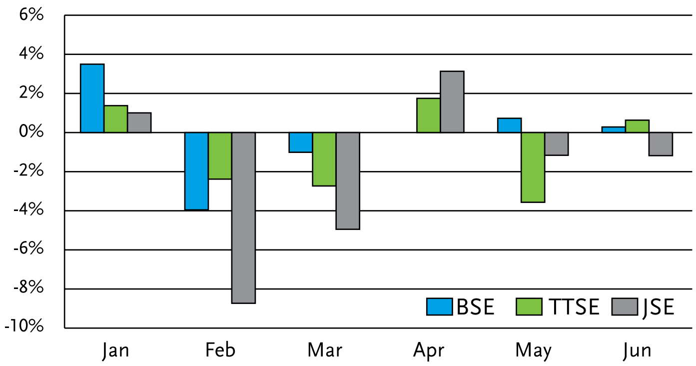


REGIONAL STOCK MARKET % CHANGE



FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2007 (YTD)			
	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 59,199,673.67	$ 20,732,271.28	$ 20,621,697.69
Net Assets	$ 75,231,815.52	$ 24,639,063.83	$ 22,463,290.59
Net Asset Value	$ 2.10	$ 1.11	$ 1.03
Number of Units	35,828,944.30	22,164,739.26	21,881,105.11
Net Income (YTD)	$ 613,418.48	$ 172,894.25	$ 596,563.35
Portfolio Appreciation	$ 10,921,265.42	$ 1,820,287.85	$ 32,374.71
Interest Accrued on Investments	$ 584,581.63	$ 45,787.57	$ 440,376.95