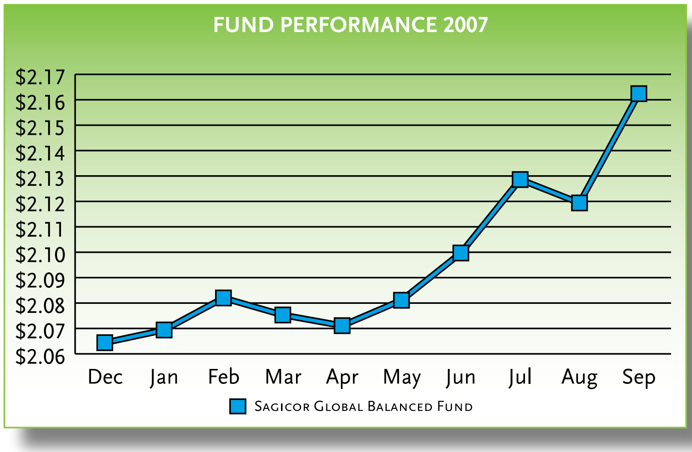
INVESTMENT COMMENTARY

Sagicor Funds Inc

SEPTEMBER 2007

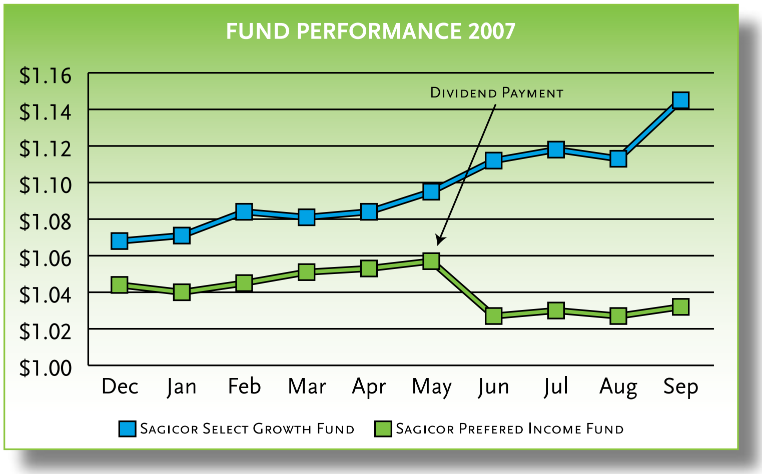
Sagicor
MUTUAL FUNDS



The improved performance of the regional indices in the third quarter bolstered the overall performance of the mutual funds. The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund both recorded gains of 3.0% for the quarter and 4.8% and 7.2% respectively for the year. The Sagicor Preferred Income Fund recorded a 0.7% increase for the quarter and a 1.8% return for the year. The Sagicor Funds performed creditably during the quarter. By the end of the third quarter, the Select Growth Fund was among the top performers in its class. The Global Balanced Fund and the Preferred Income also continued to perform creditably in their respective asset classes.

The third quarter of 2007 was marked by sustained volatility. Equities recovered late in the quarter having declined earlier in the period. By the end of September, the local, regional and international markets were in positive territory despite the volatile macroeconomic climate. The sub-prime market crisis deepened in the third quarter of the year prompting the Federal Reserve to provide additional liquidity to the market. The flagging housing markets in the US and high oil prices created weakness in the international markets dampening investor confidence. European and Asian markets showed mixed results for the quarter as general weakness in the equity markets eroded the gains amassed in the second quarter of the year.

For the first time in over a year, the Federal Reserve changed its policy stance and lowered its target for the federal funds rate by 50 basis points to 4.75%. The action was intended to forestall some of the adverse effects on the broader economy that might arise from the disruptions in financial markets due to the sub-prime crisis. The readings on core inflation improved modestly for the year. The Federal Open Market Committee judged that some inflation risks still remained. The outlook for both inflation and economic growth in the final quarter of the year will dictate policy action, although it is speculated that a 25 basis point cut is probable.

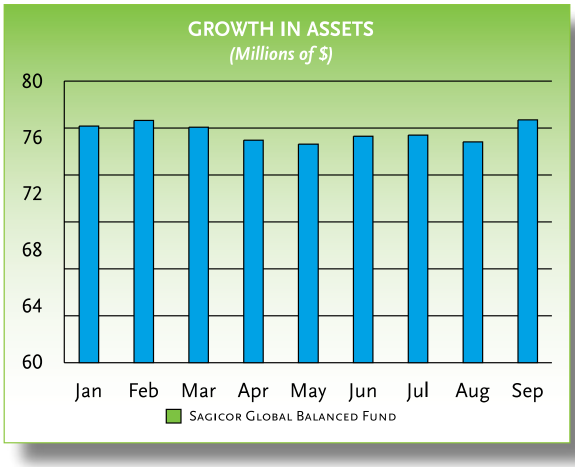


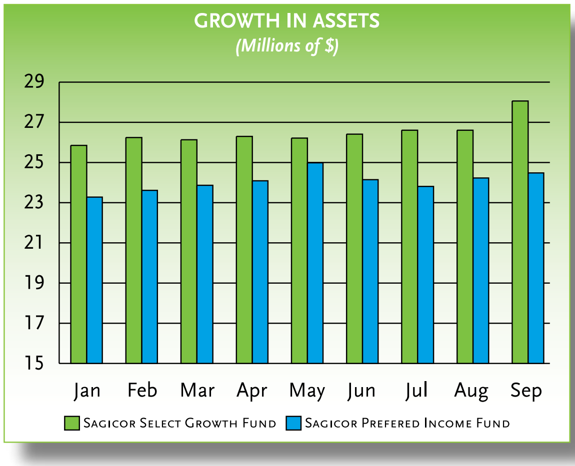
The international markets rallied during September after showing weakness at the start of the quarter. By the end of the period, the Dow Jones Industrial Average almost topped the 14,000 mark. The NASDAQ and the S&P 500 likewise showed moderate levels of growth. The Dow Jones increased by 3.7% for the year while the NASDAQ and S&P indices recorded gains of 3.8% and 1.6% respectively. High oil prices continued to inhibit global economic growth, however increased resiliency to macroeconomic stressors saw investors benefiting from buoyancy in the international markets.

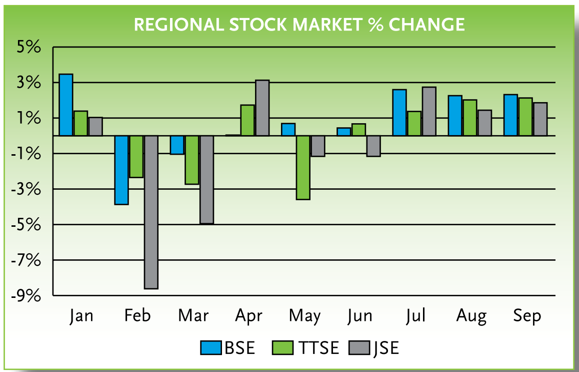
In Barbados, the three month treasuries slid from 6.57% in January to 5.24% at the beginning of September and the savings rate remained constant at 5.25%. The discount rate payable by commercial banks on temporary advances from the Central Bank remained at 12.0% respectively for the year. The regional exchanges rose modestly in the third quarter. The Barbados Stock Index, which increased 5.0% for the quarter, continued to be the best regional performer with a return of 4.6% for the year. The Trinidad Stock Index and the Jamaica Stock Index regained positive momentum during the quarter and rose 2.4% and 8.2% respectively. The Trinidad Stock Index and the Jamaica Stock Index remain in negative territory for the year and declined by 2.7% and 4.4% respectively.

The Global Balanced Fund recorded net investment income of $4.4 million for the year. The Select Growth Fund and the Preferred Income Fund realized net investment income of $1.7 million and $865,762 respectively for the year. Unrealized gains were the major contributor to net income for the quarter.

The markets remain vulnerable to macroeconomic and geopolitical shocks. The fallout from the sub-prime crisis and the decline of the US housing market continue to hamper market growth. However, the outlook for the final quarter of 2007 remains optimistic. Interest rate spreads are expected to moderate in the final quarter also giving rise to strength on the fixed income markets. The emerging markets are expected to continue to outperform the developed markets albeit with increased levels of volatility. The international markets are expected to gain momentum in the final quarter of the year. Sagicor will continue its strategy of international diversification to capitalize on these opportunities.







FINANCIAL HIGHLIGHTS AS AT SEPTEMBER 30, 2007 (YTD)

	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 59,446,648.10	$ 22,334,577.78	$ 21,735,823.68
Net Assets	$ 78,150,087.00	$ 26,832,143.00	$ 23,246,855.00
Net Asset Value	$ 2.16	$ 1.14	$ 1.05
Number of Units	35,632,866.40	22,822,691.07	22,040,873.61
Net Income (YTD)	$ 1,126,857.00	$ 315,316.00	$ 973,780.00
Portfolio Appreciation	($ 596,474.00)	$ 861,498.00	$ 712,103.00
Interest Receivable	$ 422,796.02	$ 35,308.00	$ 282,758.00