INVESTMENT COMMENTARY

Sagicor Funds Inc

JUNE 2008

Sagicor MUTUAL FUNDS

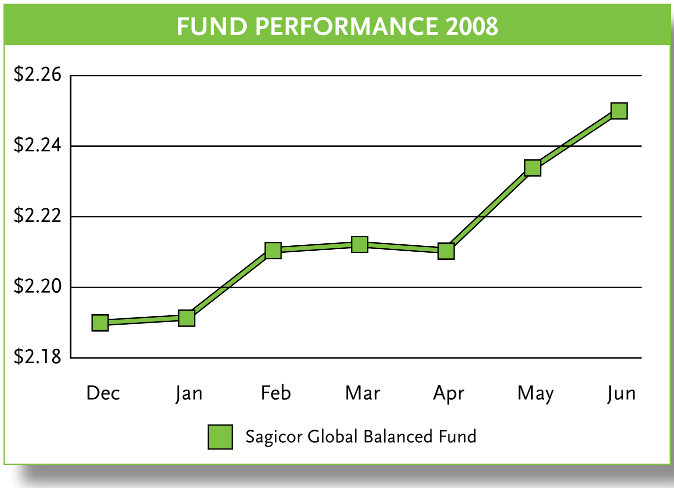
The second quarter of 2008 continued to be challenging in the international markets. Global equities experienced periods of substantial volatility as rising commodity prices and deteriorating credit conditions eroded earnings and weighed on performance. As a consequence, growth in the international portfolio was constrained in the first half of the year. The local and regional investments in the portfolio continued to buoy the overall performance of the mutual funds as the global equity markets continued to falter. The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund recorded losses of 1.9% and 1.2% respectively for the year. The Sagicor Preferred Income Fund recorded a 4.1% increase for the year.

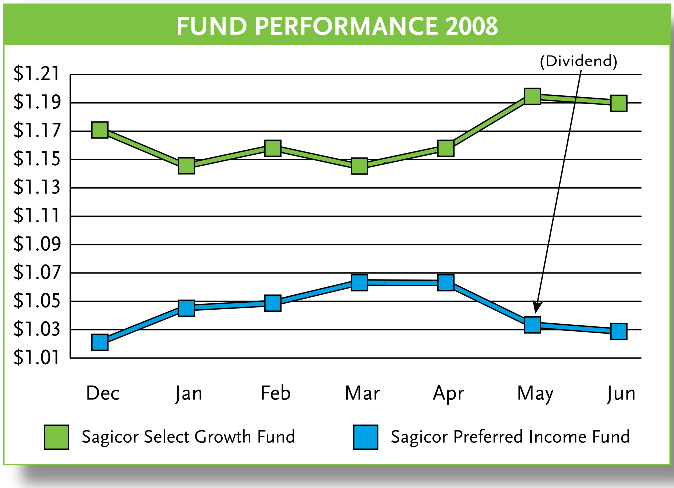
The increased inflationary pressures and economic weakness in the US economy in the first six months of the year was precipitated by the underlying weakness in investor confidence, the worsening sub-prime crisis, and the hyper-inflated oil prices. These contributed to the global slowdown which continues to hinder growth in the developed and emerging markets. By the end of the period, the price of oil surpassed the inflation adjusted oil prices from the 1980's crisis rattling investor confidence. Consumer sentiment continued to wane as concern over worldwide macroeconomic instability weakened the equity markets. The recession has eroded earnings in the financial sectors and increased unemployment and debt amongst the individual consumers. The developing markets which produced above average returns in previous quarters faltered early in the year and are now yielding significant losses for the period. Brazil, Russia, India and China are amongst those emerging markets that are now facing double digit equity losses.

In an attempt to reverse the economic slowdown the US Federal Reserve instituted a number of interest rate cuts to boost consumer spending and increase investor sentiment. The Federal Reserve reduced interest rates by 2.25% in the first half of the year in response to the decline in the equity markets. The Federal Reserve maintained the Federal Funds rate at 2.00% at the end of the second quarter to reduce the inflationary impact of any further rate decreases.

The international markets declined sharply at the start of the first half of the year and contributed to an overall decline in all of the major US indices for the period. The NASDAQ and the S&P 500 declined 9.1% and 8.6% respectively for the quarter. The Dow Jones Industrial Average had the most significant decline and fell 10.2% for the period. Oil prices closed at exactly $140 per barrel mark at the end of June and averaged $111 dollars per barrel for the year.

The Global Balanced Fund recorded a net income of $658,428 for the first half of the year. The Select Growth Fund and the Preferred Income Fund recorded net income of $199,906 and $743,847 and were the major contributors to net income for the period. Net assets of the Global Balanced Fund were $81.7 million at the end of the period. At the end of the second quarter, net assets for the Select Growth Fund and the Preferred Income Fund were $32.3 million and $25.5 million respectively.

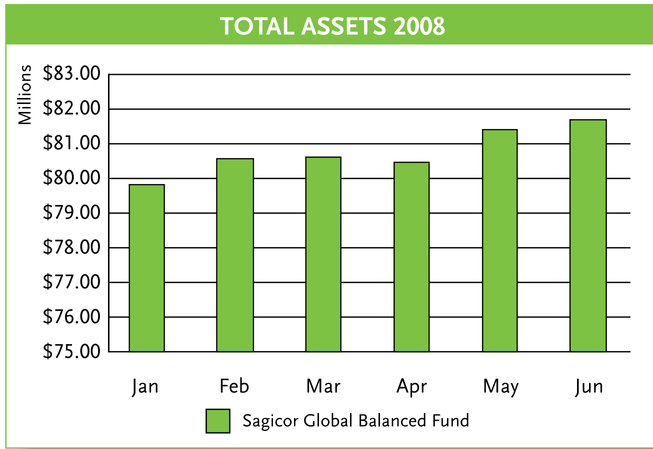


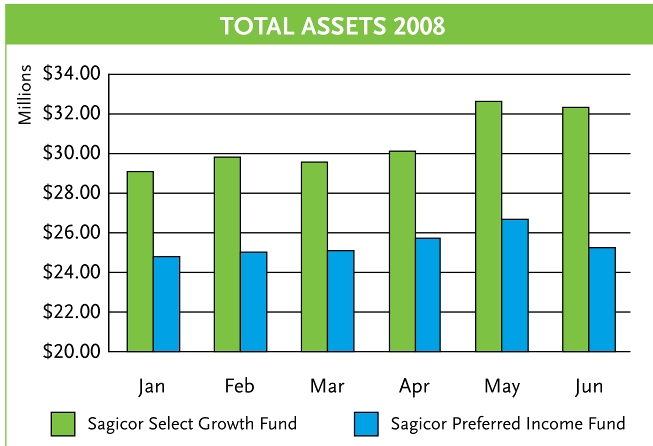


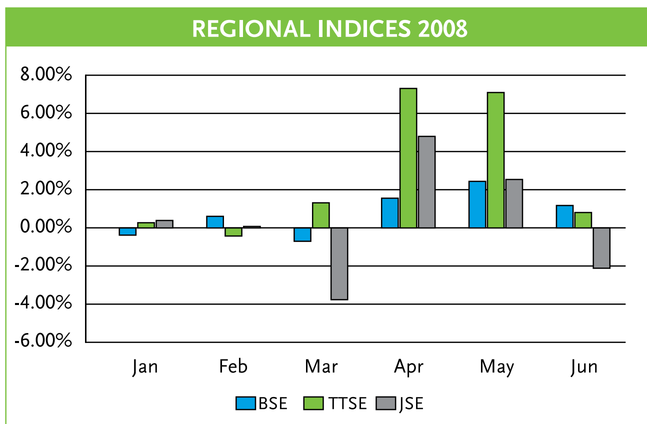
In Barbados, excess liquidity in the banking system caused the three month treasuries yield to slide from 4.90% in January to 4.07% at the end of June. The savings rate remained constant at 4.25% for the period. The regional exchanges realized positive returns in the first half of the year. The Barbados and Jamaica indices yielded 4.7% and 1.7% respectively for the period of the year amidst low levels of volume. The Trinidad Stock Index was the only regional performer to realize significant returns for the period. The index gained 17.1% for the quarter amidst high levels of liquidity stemming from a wave of merger activity. The economic outlook for the region remains negative, despite the above average returns in Trinidad and is expected to inhibit overall regional growth for the year.

The funds remain moderately positioned in the international markets with equity exposure biased away from the more volatile growth style investments and towards the value style investments. These markets are expected to exhibit higher levels of stability through the current economic crisis. The Funds have increased their asset positions to the growth style Trinidadian equities taking advantage of the prevailing liquidity and market conditions on the exchange. The Funds have also capitalized on the heavy demand for local bonds and have actively shifted the market strategies to compensate for the prevailing economic conditions.

The forecasted global economic slowdown is expected to reduce earnings prospects on international equities for the balance of the year. The US economic downturn is expected to have negative implications for the regional economies and the rest of the world as the crisis deepens. Despite the global slowdown, Sagicor remains poised to take advantage of the many investing opportunities that would result from the revaluation of prices in the global securities market







FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2008 (YTD)

	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 67,828,048	$ 26,211,658	$ 22,981,549
Net Assets	$ 81,671,150	$ 32,294,892	$ 25,223,887
Net Asset Value	$ 2.25	$ 1.19	$ 1.03
Number of Units	36,335,361	27,235,434	24,512,075
Net Income (YTD)	646,316.98	199,947.31	744,116.97
Portfolio Appreciation	10,189.943	2,526,686	(63,067)
Interest Accrued on Investments	448,654	11,221	717,219