INVESTMENT COMMENTARY

Sagicor Funds Inc

JUNE 2009

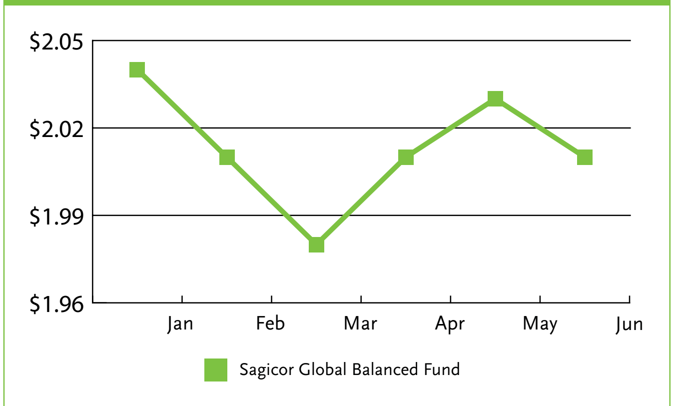
The Sagicor mutual funds recorded gains during the second quarter. Low levels of trading activity were accompanied by weakness on the regional exchanges and high levels of volatility. However, there was positive movement on the international exchanges. With the exception of Jamaica, the regional exchanges declined moderately while the international indices grew over the period. The Sagicor Global Balanced Fund increased 1.5% for the period. The Sagicor Select Growth Fund and the Sagicor Preferred Income Fund grew 4.7% and 1.9% respectively for the period. Trading volume on the exchanges remained low amid weak investor sentiment and heightened economic uncertainty across the region.

The strength of the US and international indices benefited the Funds as the equity markets rallied and the market values on emerging market fixed income securities began to normalize as investors saw depressed prices as an opportunity to purchase. During the quarter we deployed some available cash holdings and increased our fixed income exposure in favor of sovereign debt. Investor sentiment for the third quarter is expected to improve despite expected double digit unemployment and the expectation that consumer demand will be constrained.

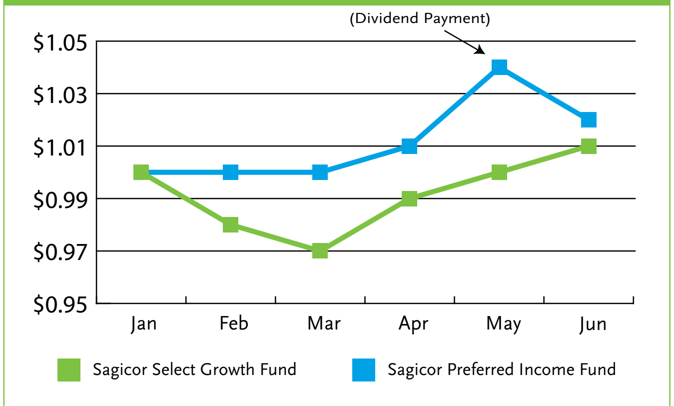
The pace of economic contraction began to slow during the second quarter and the conditions in financial markets have generally improved in recent months. Household spending has shown further signs of stabilizing but remains constrained by ongoing job losses, lower housing wealth, and tight credit. Businesses are cutting back on fixed investment and staffing but appear to be making progress in bringing inventory stocks into better alignment with sales. Although economic activity remains weak, it is anticipated that policy actions to stabilize financial markets and institutions, fiscal and monetary stimulus, and market forces will contribute to a gradual resumption of sustainable economic growth.

The Dow Jones Industrial Average increased 11.0% during the quarter but declined 3.8% for the year. The NASDAQ and the S&P 500 increased for the quarter and ended with gains of 15.2% and 20.1% respectively while increasing 1.8% and 16.4% for the year. Interest rates on US treasuries remained at historical lows as investors retreated to the safety of government backed securities. The federal funds target is at a range of 0% to 0.25%.

FUND PERFORMANCE 2009



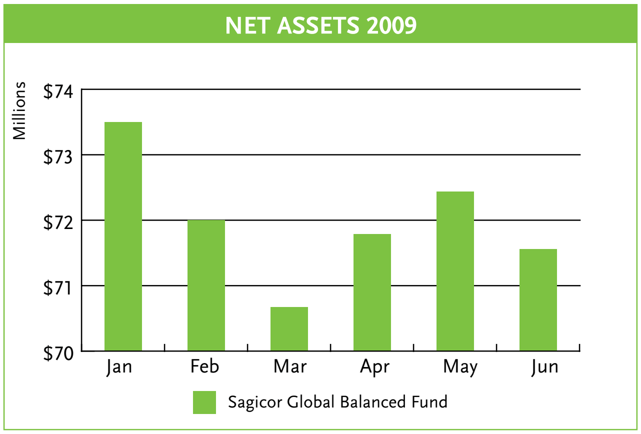
FUND PERFORMANCE 2009

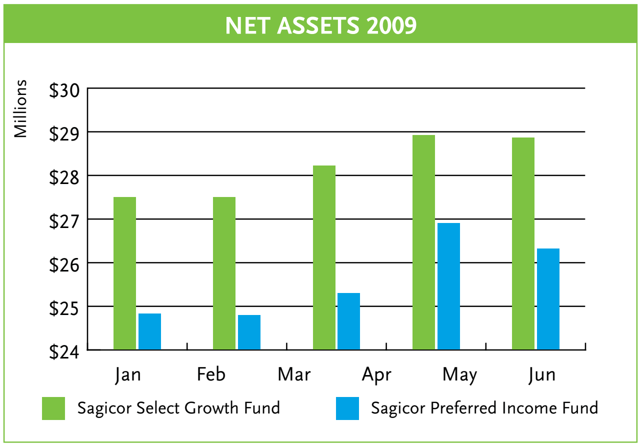


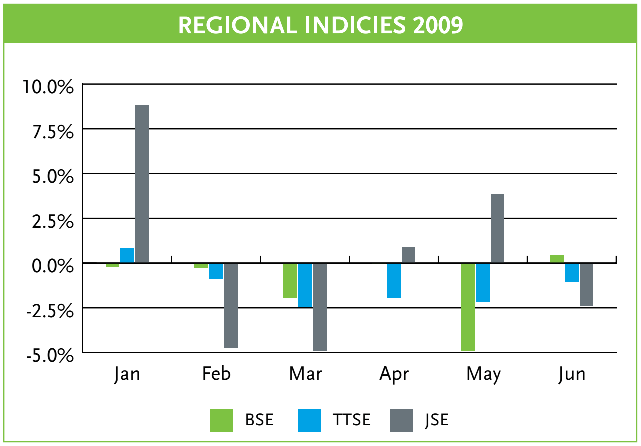
The regional markets experienced mixed returns in the second quarter of the year amid rising unemployment and waning economic growth. The Barbados and the Trinidad Stock indices had four consecutive quarters of losses and declined 4.6% and 5.1% respectively. The Barbados Stock Index recorded a loss for the year to date period of 6.9% and the Trinidad Stock Index a loss of 7.1% for the year. The Jamaica Stock index increased 2.3% for the corresponding period and 0.9% for the year. Locally, the three month treasuries remained relatively unchanged at 3.83% by the end of the period, and the savings rate remained constant at 3.0%. Demand is expected to weaken during the year as tourist arrivals decline and oil prices continue to rise.

The Preferred Income Fund recorded net investment income of $1.6 million for the year. The Select Growth Fund and the Global Balanced Fund realized a net loss of $66,288 and $294,209 respectively for the year. Unrealized gains in the international equity markets were the major contributors to the advances during the quarter.

We remain cautiously optimistic for the second half of the year. Despite some turnaround in investor sentiments as seen in the international equity markets, global growth is still expected to decline this year with a moderate turnaround in 2010. Sagicor Funds Incorporated continues to maintain a conservative posture. As the volatility moderates, we are positioned to benefit from investment opportunities that would bring increased intrinsic value to the funds.







FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2009 (YTD)			
	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 68,887,196.46	$ 31,722,017.45	$ 26,507,251.73
Net Assets	$ 71,548,086.08	$ 28,855,065.03	$ 26,313,696.50
Net Asset Value	$ 2.01	$ 1.02	$ 1.01
Number of Units	35,525,580.75	28,424,336.90	25,973,688.10
Net Investment Income (YTD)	($ 294,208.64)	($ 66,288.09)	$ 1,637,316.98
Portfolio Appreciation (YTD)	$ 446,856.59	$ 102,701.88	$ 1,765,423.46
Interest Receivable	$ 890,249.72	$ 156,285.27	$ 692,551.67