MUTUAL FUNDS

INVESTMENT COMMENTARY

Sagicor Funds Inc

JUNE 2010

The Sagicor mutual funds recorded a mixed performance during the second quarter of 2010. The Sagicor Global Balanced Fund decreased 0.9% for the period. The Sagicor Select Growth Fund declined 2.4% for the period and the Sagicor Preferred Income Fund grew 2.4% for the period. International bond and equity markets were subject to extraordinary volatility in April and May. Weak economic fundamentals undermined investor sentiment resulting in another quarter of below average equity returns. Bond returns are currently exceeding stock gains by the widest margin in nine years.

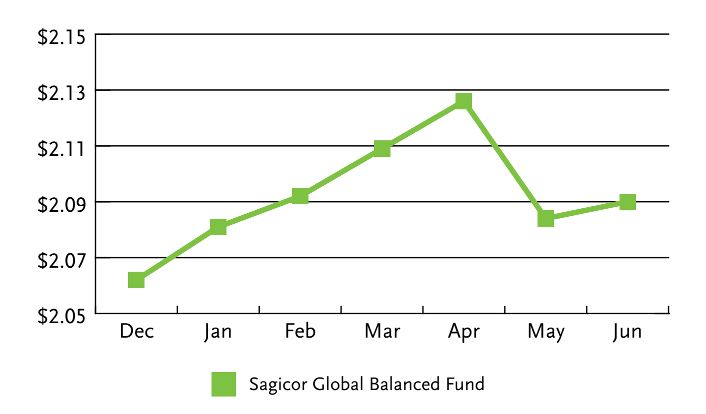
In the United States, business spending on equipment and software rose significantly during the period. Investment in nonresidential structures continued to weaken and employers remained reluctant to add to payrolls. Housing starts remain at a depressed level. Financial conditions became less supportive of economic growth on balance, largely reflecting developments abroad. Bank lending continued to contract in recent months. The Federal Open Market Committee anticipated a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be moderate until 2011.

Prices of energy and other commodities declined during the quarter and underlying inflation has trended lower. With substantial resource slack continuing to restrain cost pressures and longer-term inflation expectations stable, inflation is likely to be subdued for the remainder of the year.

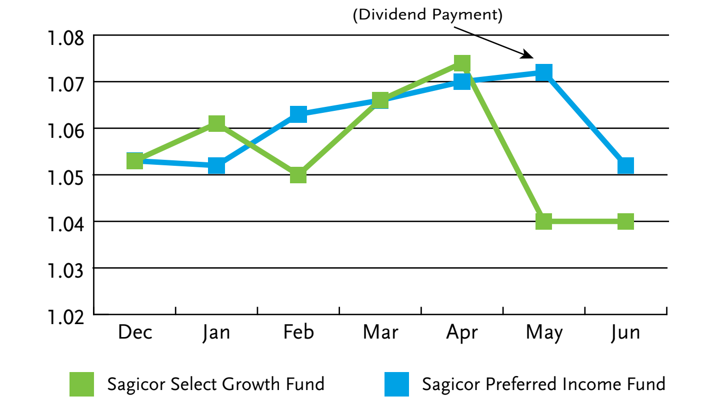
Concerns that Europe would lead the world into the second global recession in three years spurred losses in all 10 Standard & Poor's (S & P) 500 Index industries and dragged the Shanghai Composite Index down 26.0%. The Moody's rating company cut Greece four grades to junk bond status on June 15, helping send the cost of protecting its debt from default to a record high at the end of the quarter.

In China, shares posted the biggest decline among major markets as the government raised bank reserve requirements to the highest level in at least three years and curbed real-estate speculation. The Morgan Stanley Composite Index (MSCI) Emerging Markets Index lost 6.1% in the first half, beating the MSCI World Index by almost 3.4 percentage points. Crude dropped 8.7% to $75.63 a barrel since March in its first quarterly decline since the end of 2008. Natural gas futures lost 17.0% in the first half of this year as U.S. inventories rose amid increasing production

FUND PERFORMANCE 2010



FUND PERFORMANCE 2010

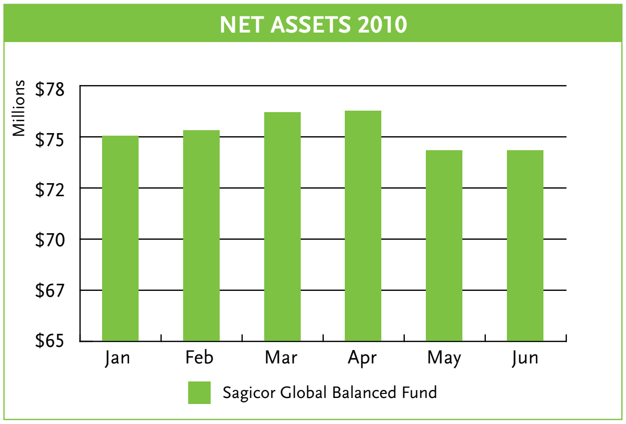


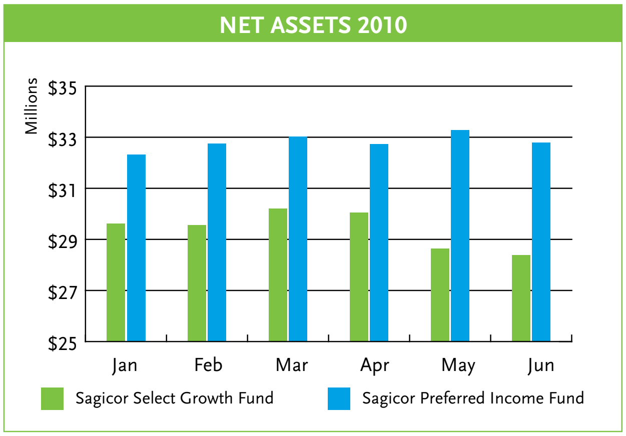
The Dow Jones Industrial Average decreased 10.3% during the quarter and has decreased 6.3% for the year. The NASDAQ and the S&P 500 decreased for the quarter and ended with losses of 12.3% and 12.2% respectively and losses of 7.1% and 7.6% for the year. Interest rates on US treasuries remain at historical lows as investors retreat to the safety of government backed securities. The federal funds rate remains near zero.

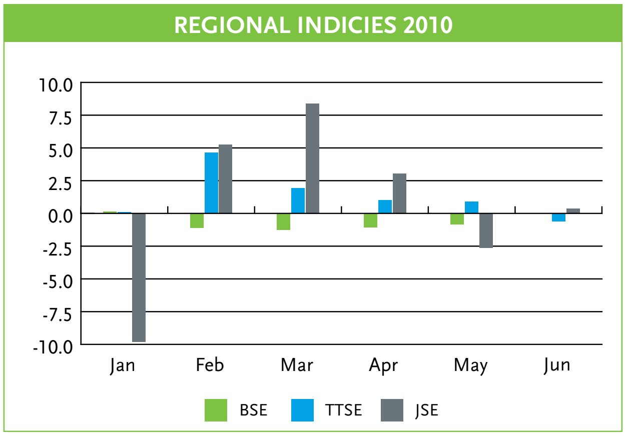
Regionally, returns during the quarter were generally positive. With the exception of Barbados, the regional exchanges increased slightly albeit with low trading activity. The Jamaica and the Trinidad Stock indices increased 1.3% and 0.7% respectively. These exchanges have risen 8.1% and 3.6% respectively for the year. The Barbados Stock index decreased 1.9% for the quarter and 4.1% for the year. Locally, the three month treasuries declined to 3.25% by the end of the period. The savings rate remains at 2.5%.

The Global Balanced Fund and the Preferred Income Fund recorded net investment income of $32,614 and $1.0 million for the year respectively. The Select Growth Fund experienced a $750,684 decline in net income for the year. Unrealized gains in the international equity markets were the major contributors to the advances during the quarter.

The regional and international economic climate is expected to remain tumultuous for the second half of the year. In light of the increased volatility forecasted for the year, we remain cautiously optimistic with respect to the global returns in the economic markets. We anticipate that anemic economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, may result in the moderation of returns.







FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2010 (YTD)

	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 71,446,843.56	$ 29,419,886.92	$ 31,553,520.41
Net Assets	$ 74,682,784.28	$ 28,350,075.35	$ 32,758,534.16
Net Asset Value	$ 2.07	$ 1.03	$ 1.05
Number of Units	36,010,251.02	27,611,047.27	31,076,430.71
Net Investment Income (YTD)	$ 32,613.50	($ 750,683.52)	$ 1,041,556.16
Portfolio Appreciation (YTD)	$ 1,275,323.35	($ 446,705.03)	$ 1,281,473.67
Interest Income	$ 1,273,325.66	$ 161,673.25	$ 1,354,699.29