Sagicor
MUTUAL FUNDS

INVESTMENT COMMENTARY

Sagicor Funds Inc

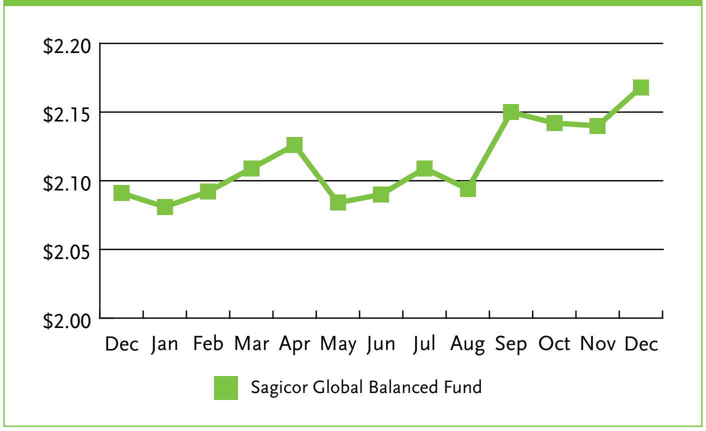
DECEMBER 2010

The fourth quarter was marked by moderate gains in the international equity markets while regional markets gradually emerged from the midst of a protracted decline. In the United States, the highly anticipated second round of quantitative easing (QE2) coupled with the orchestrated bailout by the International Monetary Fund and the European Union to abate the European sovereign debt crisis, caused investor sentiment to surge globally igniting a series of stock market rallies.

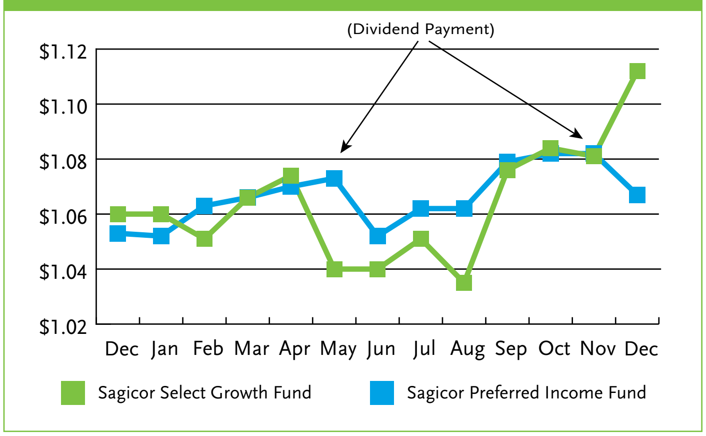
The Sagicor suite of Mutual Funds performed creditably and collectively had net assets of $142.1 million in at the end of December 2010. The Sagicor Global Balanced Fund and the Sagicor Select Growth Fund increased 4.7% and 3.7% respectively for the year. The Sagicor Preferred Income Fund gained 5.1% inclusive of dividends. A 2.4 cent dividend was paid in May and a 1.6 cent dividend was distributed in November. Net income for the Funds stood at $1.8 million for the period, with interest income accounting for 54.6% of revenues and providing the greatest contribution to revenue for the year.

In the United States, the Federal Reserve continued to loosen monetary policy, increasing its holdings of longer-term securities through continued reinvestment of principal payments from existing securities, in addition to purchasing a further $600 billion of longer-term securities. This action stemmed from concerns that the current excessively low, downward trending level of inflation coupled with the persistently elevated unemployment rate, stymied the Federal Reserve's ability to fulfill its dual mandate of price stability and full employment. The Federal Reserve maintained its accommodative stance of keeping the target range of 0.00% to 0.25% for the Federal Funds Rate unchanged. The Federal Reserve made clear its intention to closely monitor these monetary policy initiatives to ensure that they remain in line with the achievement of its dual mandate and to make adjustments where necessary.

FUND PERFORMANCE 2010



FUND PERFORMANCE 2010



During the fourth quarter of 2010, investors benefited from buoyancy in the international markets. In the developed markets, the Dow Jones Industrial Average gained 7.3% during the period and ended the quarter above the 11,000 mark. The NASDAQ and the Standard & Poors 500 increased for the quarter and ended the period with gains of 12.0% and 10.2% respectively. The FTSE 100 remained in positive territory and was up 6.3% for the quarter. Emerging markets also showed positive levels of growth over the quarter. The NIKKEI 225, Hang Seng Index (HSI) and the German Dax Index (DAX) gained 9.2%, 3.0% and 11.0% respectively for the quarter.

Regional stock markets made slight gains relative to previous quarter but generally remained constrained by the lack of active participants and liquidity constraints. The Barbados index fell by 0.2% for the quarter and 5.2% for the year to date period. Jamaica and Trinidad indices increased by 1.9% and 1.7% respectively for the quarter. However, for the year to date period Jamaica index increased 2.3% and Trinidad rose 9.2%.

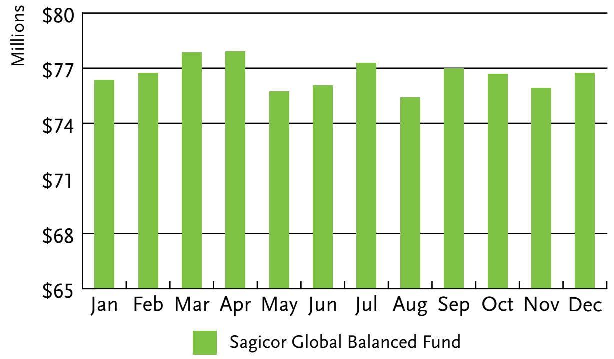
In Barbados the three month treasury rate fell by 5 basis points to end the year at 3.30%. The Central Bank maintained a savings rate of 2.5% during the quarter.

The Global Balanced Fund's net investment income increased to $670,421 for the year. The Select Growth Fund and the Preferred Income Fund realized net investment income of $982,422 and $163,114 respectively. Net assets of the Balanced Fund and the Growth Fund were $76.7 and $30.1 million respectively at the end of December 2010. The net assets of the Preferred Income Fund totaled $35.4 million at the end of the year.

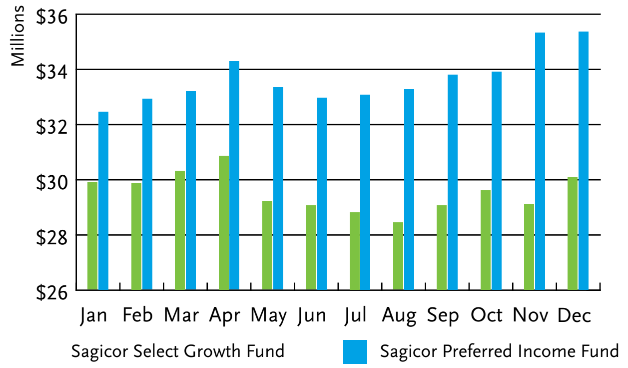
The asset allocation of the Global Balanced Fund was invested 59.0% in equities, 40.3% in debt and 0.7% in deposits. The Select Growth Fund was invested 83.4% in equities, 14.9% in debt and 1.7% in deposits. The Preferred Income Fund's asset allocation consisted of 6.1% equities, 92.6% debt and 1.3% deposits.

The outlook for 2011 remains cautiously optimistic. The US Federal Reserve revised up forecasted average growth estimates for 2011 which is projected to be in the range of 3.0% to 3.6%. These estimates were bolster by the Committee's pledge of further quantitative easing which is expected to result in increased household spending, and bank lending. Investor sentiment in the financial markets has increased and is expected to remain elevated throughout 2011. International equities are expected to continue to advance which is expected to resonate to regional equities. The injection of the further quantitative easing is expected to cause inflation to increase with the committee ensuring that inflation remains in line with the achievement of its dual mandate. The Federal Fund Rate target of 0.00% to 0.25% is expected to remain at these levels into 2012.

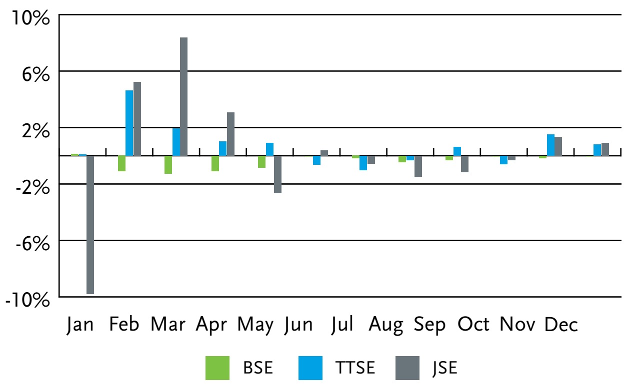
NET ASSETS 2010



NET ASSETS 2010



REGIONAL INDICIES 2010



FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2010 (YTD)

	Balanced Fund	Growth Fund	Income Fund
Investments at Cost	$ 68,354,189.87	$ 28,779,326.40	$ 33,707,851.66
Net Assets	$ 76,730,371.27	$ 30,065,056.50	$ 35,352,804.98
Net Asset Value	$ 2.17	$ 1.11	$ 1.07
Number of Units	35384630.34	27025216.37	33133183.57
Net Investment Income	$ 670,421.08	$ 982,422.41	$ 163,114.07
Portfolio Appreciation	$ 1,078,258.40	$ 1,089,115.74	$ 252,323.68
Interest Receivable	$ 449,184.78	$ 37,428.25	$ 504,530.14