Sagicor
MUTUAL FUNDS

# INVESTMENT COMMENTARY

## Sagicor Funds Inc

MARCH 2013

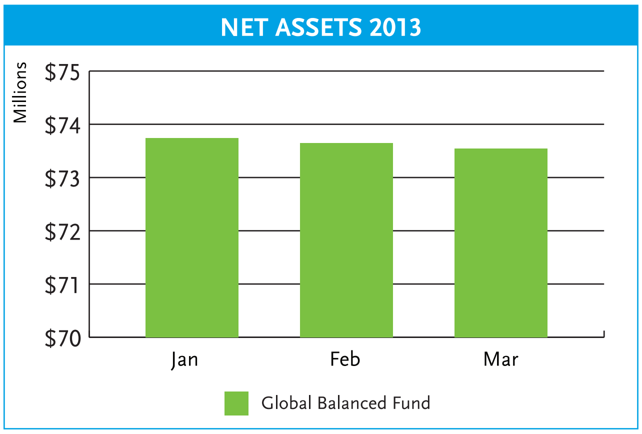
The international markets rallied during the first quarter of 2013 with the US equity indices in particular, reaching almost record levels. The markets maintained their momentum despite the prevailing economic constraints and ended the quarter with gains. Improved economic data in the US and accommodative monetary policy in the US, Europe and Japan precipitated the market advances.

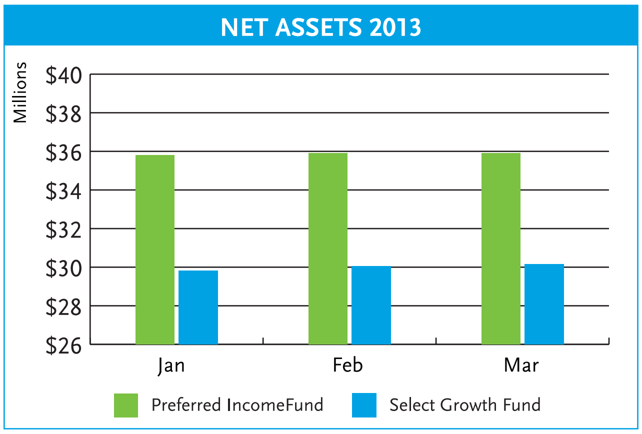
The Sagicor suite of mutual funds performed commendably for the quarter ending March 31, 2012. The Sagicor Select Growth Fund gained 3.3% while the Sagicor Global Balanced Fund and Preferred Income Fund increased by 1.1% and 0.6% respectively. The Funds' performance were supported by their well diversified portfolios and selected segment exposures. The gains in the equity portfolios were attributable to the international exposures, which led performances during the first quarter. The Sagicor Select Growth Fund and Sagicor Global Balanced Fund continued their strong 2012 performances when the funds gained 10.3% and 6.5% respectively.

The Federal Open Market Committee (FOMC) continued to facilitate its mandate of accomplishing maximum employment and price stability. The FOMC decided to continue its $45 billion treasury purchases in conjunction with its $40 billion a month mortgage bond purchases at least through mid 2013. They also decided to keep the Federal Funds rate within the range of 0.00% - 0.25% until the unemployment rate falls below 6.5% or inflation rises above 2.0% a year. The US unemployment rate declined marginally to 7.6% while inflation remains at a relatively low rate. These highly accommodative monetary policies are part of the economic stimulus aimed at returning the economy to sustainable growth.

The US markets recorded robust growth during the first quarter. The S&P 500 and Dow Jones Industrial Average reported double digit returns of 11.9% and 10.6% respectively. The NASDAQ Composite returned 8.5% for the first quarter. The FTSE 100 and DAX both increased for the quarter with returns of 8.7% and 2.4% respectively. The MSCI EAFE and the MSCI EM are benchmarks of global and emerging market stocks. The MSCI EAFE returned 5.2% for the quarter while the MSCI EM declined -1.6%.

Regional markets had mixed performances for the first quarter. The Barbados Stock Index and Trinidad and Tobago Stock Index gained 0.1% and 2.9% respectively. The Jamaica Stock Index declined significantly by 11.0%. The Barbados three-month Treasury Bill rate was 3.56% and the six-month Treasury Bill rate was 3.60%.

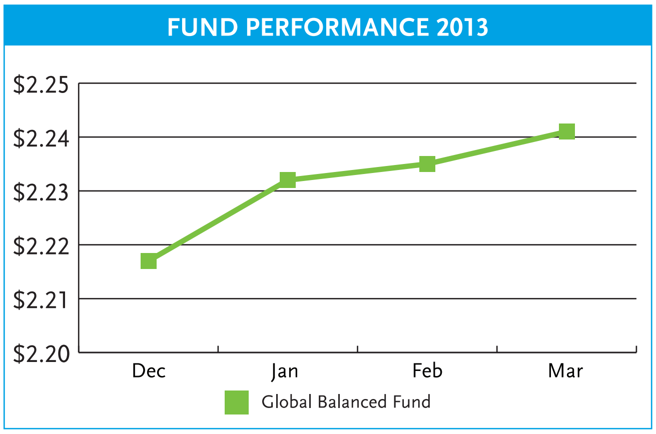


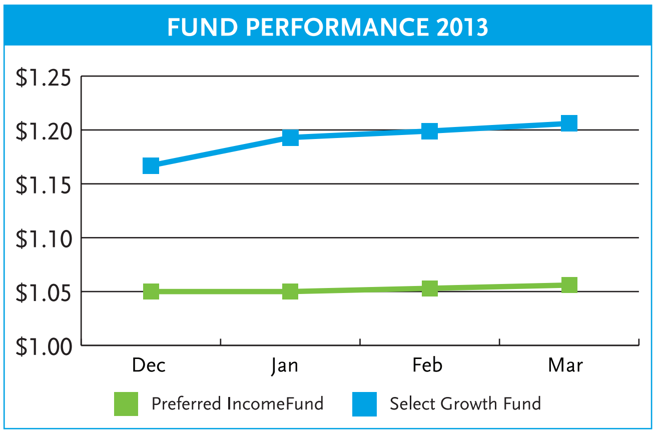



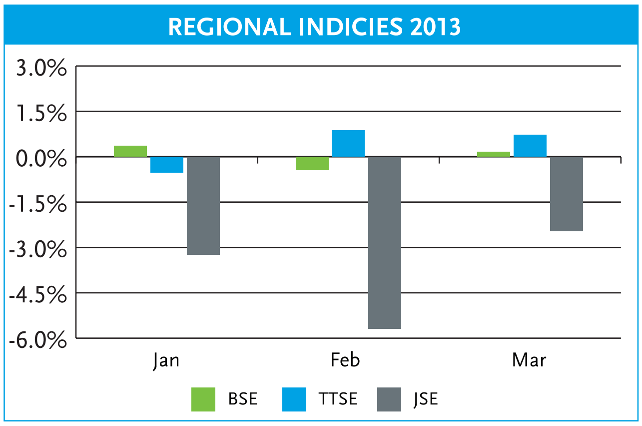
The net assets of the Sagicor Global Balanced Fund at the end of the first quarter amounted to $73.5 million. The Sagicor Preferred Income Fund and the Sagicor Select Growth Fund recorded net assets of $35.9 million and $30.1 million respectively. The net investment income of the Sagicor Global Balanced Fund for the quarter was $928,194 while the Sagicor Preferred Income and Sagicor Select Growth Fund gained net investment income of $729,895 and $1,263,806 respectively. Interest income and unrealized gains were the main contributors to net income during the quarter.

The Funds benefited from well diversified portfolio positions as buoyant returns on the international equity markets counteracted declines on the local and regional equity markets. Major developed economies were bolstered by continued monetary stimuli which supported the markets' advance and first quarter rally.

The expected global economic growth for 2013 was revised by the IMF to 3.3% from the stated projection of 3.5% last year. There remains continued concern for the ongoing Euro area recession, the Cypriot financial crisis and U.S sequester and it is anticipated that growth will moderate. With these concerns, markets are expected to exhibit volatility. We will continue to position ourselves to capitalize on feasible investment prospects and effectively manage shareholders' wealth.




**FINANCIAL HIGHLIGHTS AS AT MARCH 31, 2013 (YTD)**

| | SGBF | | SSGF | | SPIF | |
|---|---|---|---|---|---|---|
| Investments at Cost | $ | 66,469,737.50 | $ | 29,303,576.88 | $ | 34,594,209.72 |
| Net Assets | $ | 73,548,961.68 | $ | 30,141,799.77 | $ | 35,909,112.32 |
| Net Asset Value | $ | 2.24 | $ | 1.21 | $ | 1.06 |
| Number of Units | | 32,820,135.95 | | 24,990,981.57 | | 33,999,001.78 |
| Net Investment Income | $ | 928,194.36 | $ | 1,263,805.94 | $ | 729,894.98 |
| Portfolio Appreciation | $ | 1,742,280.16 | $ | 1,482,040.96 | $ | 913,968.80 |
| Interest Income | $ | 806,169.47 | $ | 67,296.50 | $ | 947,848.06 |