Sagicor
MUTUAL FUNDS

INVESTMENT COMMENTARY

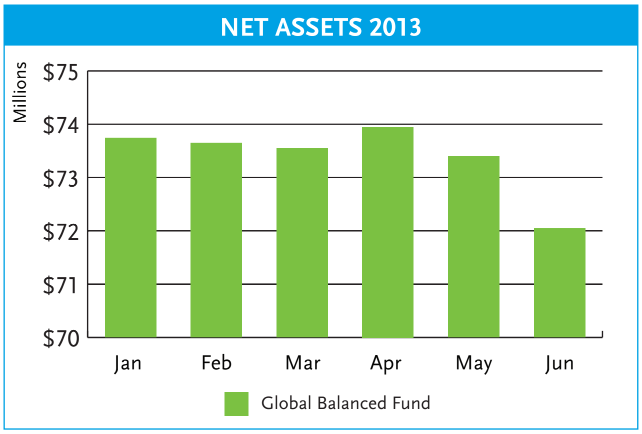
Sagicor Funds Inc

JUNE 2013

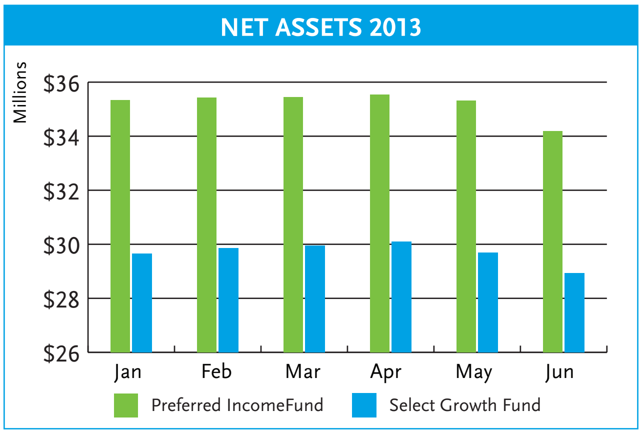
The international equity markets experienced a volatile second quarter. The momentum experienced in the first quarter transitioned briefly to the beginning of the second quarter but quickly dissipated in the month of May. The Federal Reserve committee announced the possibility of ending the bond repurchase stimulus program precipitating a decline in the S&P 500 of 2.5% the highest percentage drop since November 2011 and the Dow Jones Industrial Average decreased by 2.3%.

The Sagicor Funds had mixed performances this quarter, the Sagicor Select Growth Fund and the Sagicor Global Balanced Fund declined 1.8% and 1.2% respectively for the quarter, while the Sagicor Preferred Income gained 0.7% for the period. For the year to date period the Select Growth Fund and Preferred Income Fund gained 1.5% and 1.2% respectively while the Global Balanced Fund declined 0.1%. The Sagicor Preferred Income fund paid a dividend of $0.01 as at June 15th 2013.

The Federal Open Market Committee (FOMC) continued to facilitate its mandate of accomplishing maximum employment and price stability. The FOMC decided to continue its $85 billion a month bond repurchase program. They also decided to keep the Federal Funds rate at the range of 0.00% - 0.25% until the unemployment rate falls below 6.5% or inflation rises above 2.0% a year. The unemployment rate is expected to fall to the target rate by 2014 instead of the previously forecasted 2015. The FOMC also stated that there were further improvements in the markets; with these announcements the markets anticipated the tapering of quantitative easing. The US unemployment rate remained at 7.6% while inflation has kept at a relatively low rate.



The US markets recorded moderate growth for the quarter. The S&P 500 Index and Dow Jones Industrial Average gained 2.4% and 2.3% respectively. The NASDAQ Composite increased 4.2% for the quarter. For the year to date period the S&P 500 and the NASDAQ increased 13.8% and 12.7% respectively, while the DJIA had the largest gains of 13.8%. The FTSE declined 3.1% for the quarter while the DAX gained 2.1%. For the year the FTSE and DAX increased 5.4% and 4.6% respectively. The MSCI EAFE and MSCI Emerging Market declined 2.1% and 9.1% respectively for the quarter.

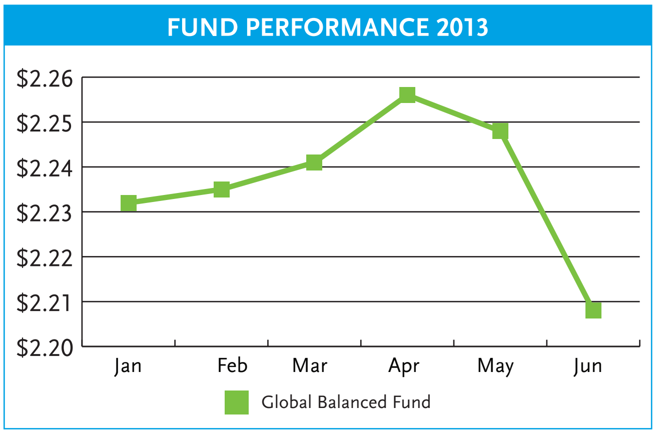


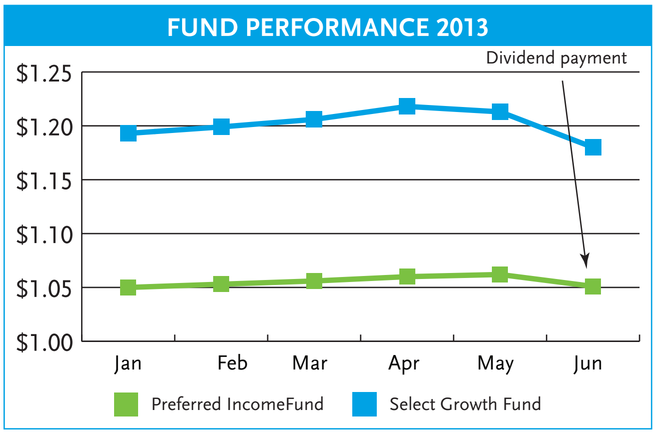
Regional markets had mixed performances for the second quarter, the Jamaica Stock Index and Trinidad and Tobago Stock Index gained 5.9% and 2.9% respectively. The Barbados Stock Index countered the trend and declined by 12.2%. For the year the Barbados Stock Index and the Jamaica Stock Index declined by 12.1% and 5.7% respectively while the Trinidad and Tobago Stock Index increased by 5.8%. The Barbados three-month Treasury Bill rate was 3.36% and the six-month Treasury Bill rate was 3.41%, down from the previous quarter.

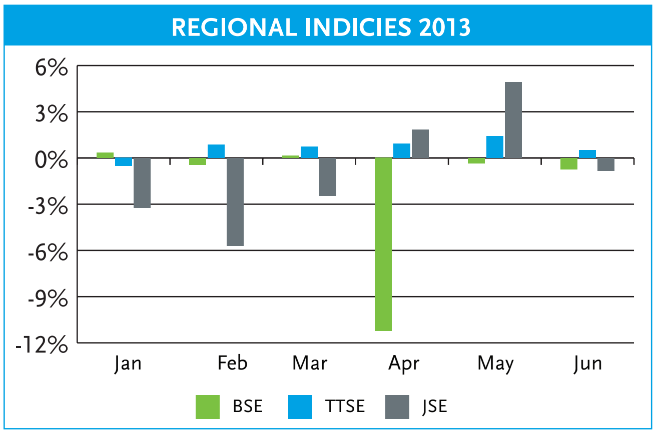
The net assets for the Sagicor Global Balanced Fund at the end of the second quarter amounted to $72.0 million. The Sagicor Preferred Income Fund and The Sagicor Select Growth Fund recorded assets of $34.6 million and $29.1 million respectively. The Sagicor Global Balanced Fund net investment income for the quarter declined by $1 million while the Sagicor Select Growth Fund declined by $627,324. The Sagicor Preferred Income gained net investment income of $240,590. Interest income was the main contributor to net income during the quarter for the funds.

International markets ended the quarter with gains despite the volatility while the funds performed moderately due to their regional holdings. The developed economies continued to rally due to the sustained economic stimulus however this growth was tempered in response to the possibility of an end in sight and markets reacted with temporary declines.

The IMF has once again revised downward its forecast for global economic growth for 2013 to 3.1% from the earlier forecast in April 2013 of 3.3%. The issues of continued recession in the European Union with estimated economic decline for 2013 of 0.4%, the ongoing sequester in the US and tighter financial conditions in the emerging markets have contributed to this revision. There is expected continued volatility in the markets due to these concerns. Despite these challenges we remain committed to managing shareholders' wealth and positioning ourselves to capitalize on any suitable investment opportunities that may arise.







FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2013 (YTD)			
	SGBF	SSGF	SPIF
Investments at Cost	$ 66,336,638.52	$ 29,023,057.96	$ 33,685,366.48
Net Assets	$ 72,042,383.28	$ 29,066,918.83	$ 34,588,266.57
Net Asset Value	$ 2.21	$ 1.18	$ 1.05
Number of Units	32,629,230.36	24,629,613.60	32,922,144.01
Net Investment Income	-$ 104,859.85	$ 636,482.03	$ 970,493.78
Portfolio Appreciation	$ 1,120,251.75	$ 1,247,052.51	$ 971,198.48
Interest Income	$ 1,195,989.30	$ 94,528.90	$ 1,401,287.25