INVESTMENT COMMENTARY

Sagicor Funds Inc

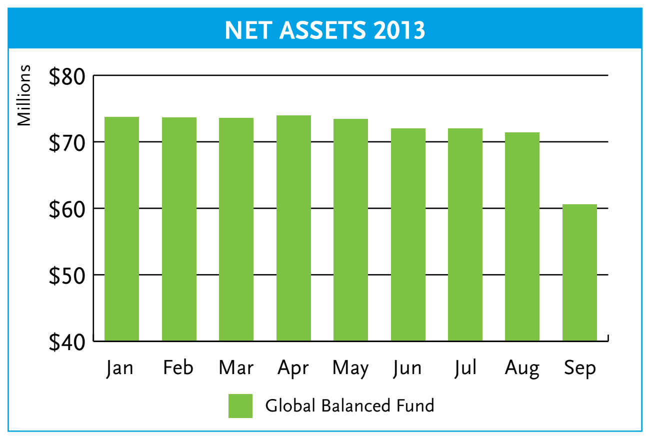
Sagicor MUTUAL FUNDS

SEPTEMBER 2013

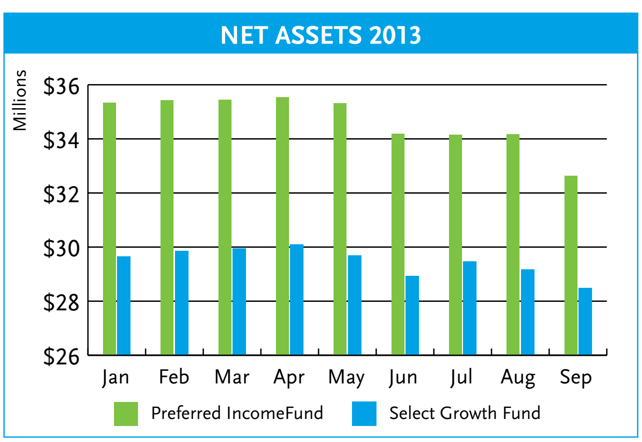
International equities registered strong performances for the third quarter despite a generally volatile investment environment. However, the performance of the regional indices remained depressed and lagged their international counterparts. On the backdrop of the Federal Reserve alluding to the tapering of its Quantitative Easing programme, volatility spiked during August and international equity markets recorded negative returns for the month. The Federal Open Market Committee (FOMC) unexpectedly decided to refrain from tapering the bonds stimulus package, which was well received by the markets and international equities rallied to record highs during September.

The Sagicor Mutual Funds had mixed performances this quarter. The Sagicor Select Growth Fund gained 2.0%, while the Sagicor Global Balanced Fund and the Sagicor Preferred Income Fund declined 1.2% and 0.6% respectively. For the year to date period the Select Growth Fund and Preferred Income Fund gained 3.2% and 0.6% respectively against a decline of 1.5% for the Global Balanced Fund. The Preferred Income fund was negatively impacted by a change in valuation in its bond portfolio.

The FOMC continued to facilitate its mandate of accomplishing maximum employment and price stability. The FOMC discussed the reduction of its $85 billion a month bond repurchase program but decided to continue the package. The committee 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 the annual inflation rises above 2.0% per annum. The FOMC stated that there were further improvements in the markets and with these announcements the markets anticipated the tapering of quantitative easing to commence in the near future. The US unemployment rate decreased to 7.3% in August from the 7.6% recorded in June while inflation was maintained at a relatively low rate of 1.5%.



The US markets recorded moderate growth for the quarter. The S&P 500 Index and Dow Jones Industrial Average gained 5.4% and 2.1% respectively. The NASDAQ Composite increased 11.9% for the quarter. For the year to date period the S&P 500 and the DJIA increased 19.8% and 17.6% respectively, while the NASDAQ had the largest gains of 26.1%. The London FTSE and the German DAX exchanges both increased by 4.0% and 8.0% respectively for the quarter. For the year the FTSE and DAX increased 7.2% and 10.5% respectively. The MSCI EAFE and MSCI Emerging Market gained 11.6% and 5.9% respectively for the quarter and 16.59% and -4.05% for the year to date period.



Regional markets had mixed performances during the third quarter. The Jamaica Stock Index and Barbados Stock Index declined 2.4% and 2.7% respectively. The Trinidad and Tobago Stock Index increased by 1.5%. For the year to date period, the Barbados Stock Index and the Jamaica Stock Index declined by 3.3% and 8.3% respectively while the Trinidad and Tobago Stock Index increased by 7.4%.

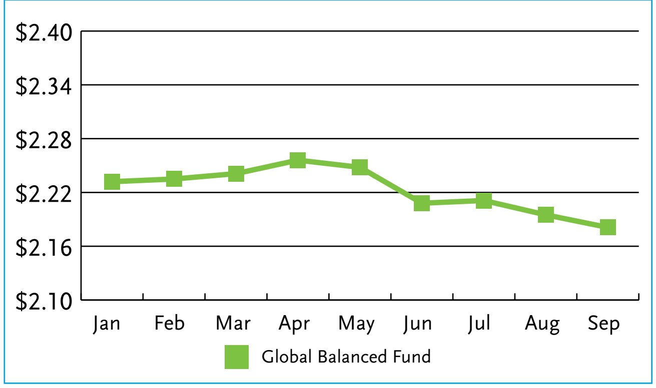
The Barbados three-month Treasury Bill rate was 3.13% and the six-month Treasury Bill rate was 3.25%, down from 3.36% and 3.41% respectively.

The net assets for the Sagicor Global Balanced Fund at the end of the third quarter totaled $60.6 million. The Sagicor Preferred Income Fund and The Sagicor Select Growth Fund recorded assets of $33.0 million and $28.6 million respectively. The net investment income for the Sagicor Preferred Income Fund declined $154,565 for the quarter while the Sagicor Global Balanced Fund recorded a net loss of $802,271. The Sagicor Select Growth Fund gained net investment income of $593,679. Interest income was the main contributor to net income for the Preferred Income Fund during the quarter while for the Select Growth Fund the main contributor was unrealized gains.

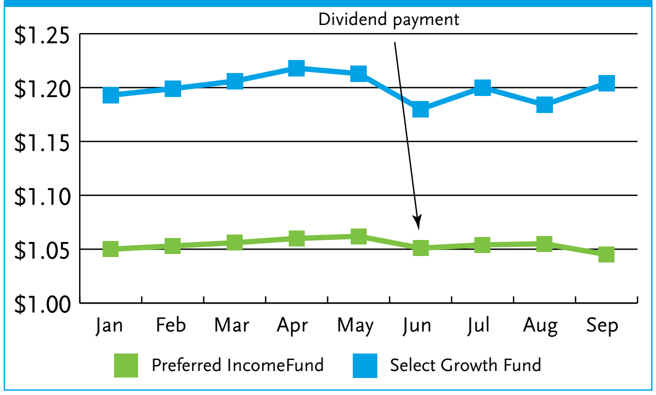
Even with the persistent volatility the international markets were able to conclude the quarter with positive returns, the funds had mixed performances which were impacted by the decline in regional stock markets. The continued rallies in the world markets were due to sustained economic stimulus in the developed economies but this stimulus is anticipated to be diminished in the near future.

The IMF lowered its 2013 forecast for global economic growth to 2.9% down from the forecasted rate of 3.1% made in June. The anticipated change in policy of the US Federal Reserve and slower pace of expansion in the emerging markets were cited as reasons for the revision. There is expected to be continued volatility in the markets due to these concerns. In this challenging environment we remain committed to managing shareholders' wealth and positioning ourselves to take advantage of any suitable investment opportunities that may arise.

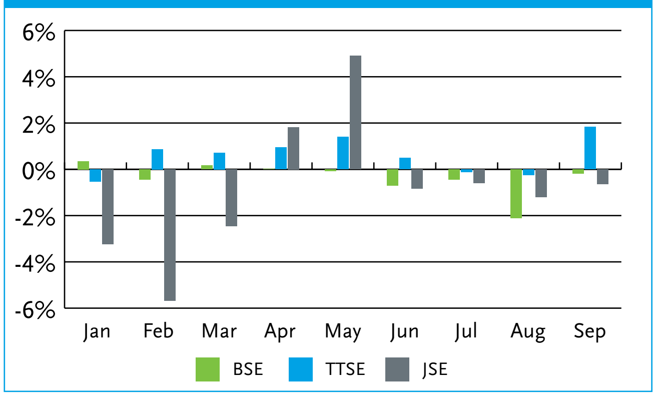
FUND PERFORMANCE 2013



FUND PERFORMANCE 2013



REGIONAL INDICIES 2013



FINANCIAL HIGHLIGHTS AS AT SEPTEMBER 30, 2013 (YTD)

	SGBF		SSGF		SPIF	
Investments at Cost	$	58,869,439.93	$	27,168,297.78	$	31,543,959.51
Net Assets	$	60,627,158.49	$	28,616,903.96	$	32,962,233.60
Net Asset Value	$	2.18	$	1.20	$	1.05
Number of Units		27,799,042.13		23,775,494.51		31,545,389.13
Net Investment Income	-$	907,130.72	$	1,230,160.58	$	815,929.09
Portfolio Appreciation	$	1,262,960.51	$	1,682,416.29	$	1,512,372.84
Interest Income	$	1,553,653.01	$	117,814.41	$	1,855,617.02