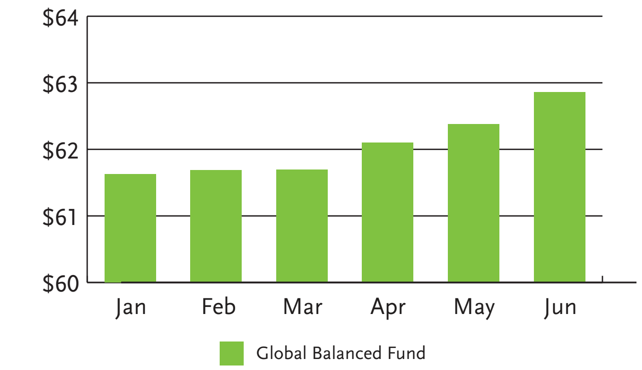
INVESTMENT COMMENTARY

Sagicor Funds Inc — JUNE 2014

International equity markets rallied steadily for each of the three months of the second quarter and erased their prior quarter losses, with emerging market equities outperforming their developed market counterparts. Though the international equity market advance was broad based, as evidenced by gains across all sectors of the S&P 500 Index, geopolitical risks in the Middle East, and signs of economic instability in the U.S., coupled with uncertainty surrounding the level of tapering of the Quantitative Easing Program and its consequential impact on the direction of future interest rates, weighed on market sentiment and contributed to the increased level of volatility experienced during for the quarter. Therefore, the flight to quality that occurred during the first quarter persisted albeit to a lesser degree and drove momentum within the fixed income markets, which extended the year-to-date gains across all sectors of this asset class.

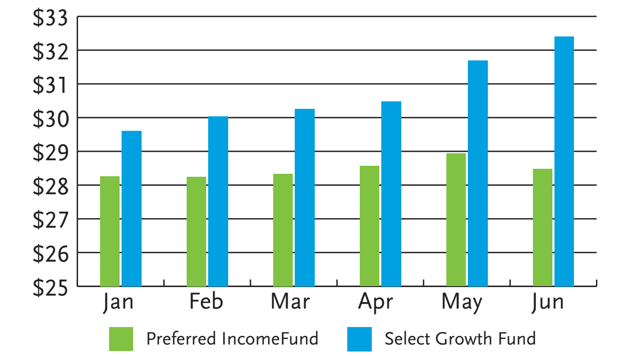
During the quarter, equity markets within the U.S. showed resilience despite the downward revision of that economy's GDP figures, which showed a contraction in real output of 2.9% for the first quarter of 2014. Furthermore, investor confidence was boosted during the second quarter through the announcement of better than expected corporate earnings, as well as improved manufacturing and unemployment data. Against the aforementioned backdrop, the S&P 500, NASDAQ and the Dow Jones Industrial Average all ended the quarter with positive returns. Regionally, equity markets remained relatively depressed and all the regional equity indices ended the quarter in negative territory.

NET ASSETS 2014



The fixed income asset class sustained its advance from the previous period with the U.S. 10 year Treasury yields decreasing to 2.52% as at June 30, 2014 from 2.72% as at March 31, 2014. U.S. Treasury Bonds were the best performing fixed income segment as new geopolitical issues in the Middle East caused investors to be more cautious. U.S. Treasury Bonds benefited from the flight to quality. Emerging markets debt also performed creditably for the quarter. The regional fixed income market showed moderate improvement as spreads continued to tighten.

NET ASSETS 2014



The Sagicor Funds performed commendably for the second quarter of 2014. The Sagicor Select Growth Fund and the Sagicor Global Balanced Fund increased 3.2% and 1.8% respectively for the quarter, while the Sagicor Preferred Income Fund gained 1.6% for the period. For the year to date period, the Sagicor Select Growth Fund returned 3.8% while the Sagicor Preferred Income Fund and Sagicor Global Balanced Fund both returned 2.0% and 2.2% respectively. The Funds continued their upward trend and were positively impacted by the rallies in the global equity markets and continued improved fixed income markets.

The Federal Open Market Committee (FOMC) continued to pursue its mandate of maximizing employment and price stability. The FOMC maintained the tapering of its bond repurchase program, and announced its plans to reduce the program by another $10 billion commencing July 2014. The FOMC has indicated a possible end of the bond purchase program in October 2014. The FOMC also communicated its decision to maintain the Federal Funds rate at the range of 0.00% to 0.25% to continue stimulating the economy. Concerns surrounding the low inflation rate prompted the FOMC to maintain the Fed Funds Rate near zero for the foreseeable future. Inflation was reflected at 2.1% as at May 2014. During the review period, the unemployment rate moved lower and stood at 6.1%.

The U.S. equity markets rallied in the second quarter. The S&P 500 Index and the NASDAQ Composite gained 5.2% and 5.3%, respectively, while The DJIA Index increased 2.8% for the quarter. The S&P 500 Index and the NASDAQ Composite year to date returns increased to 7.1%

and 6.2% while the DJIA Index moved into positive territory with returns of 2.7%. International developed equities slightly lagged the US equities for the quarter while emerging markets outpaced US equities. The FTSE 100 Index increased 2.2% while the German DAX Index increased 2.9% for the second quarter of 2014. The MSCI EAFE Index increased 4.3% for the quarter, while the MSCI Emerging Market Index increased by 6.7% and their year to date returns stood at 5.1% and 6.3%, respectively.

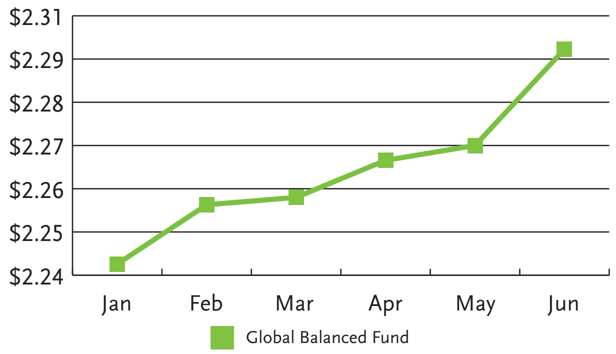
Regional indices continued their decline for the second quarter of 2014. The Trinidad and Tobago Stock Index and the Jamaica Stock Index declined 0.4% and 6.0% respectively. The Barbados Stock Index had the largest decline of 15.9% for the second quarter. For the year to date period, these indices all recorded declines. The Barbados Stock Index had the most significant decrease and declined by 27.9%, while the Jamaica Stock Index and the Trinidad and Tobago Stock Index decreased 12.3% and 1.6%, respectively. The Barbados three-month Treasury Bill rate was 3.17% and the six-month Treasury Bill rate rose to 3.48%, relative to the previous quarter.

The Sagicor Global Balanced Fund net assets amounted to $62.9 million at the end of the second quarter. The net assets of the Sagicor Preferred Income Fund and the Sagicor Select Growth Fund increased to $28.5 million and $32.4 million, respectively. For the quarter, the Sagicor Global Balanced Fund and the Sagicor Select Growth Fund recorded net investment income of $3.4 million and $2.7 million,respectively. The Sagicor Preferred Income Fund recorded net investment income of $0.9 million. The Sagicor Preferred Income Fund paid a dividend of 2.25 cents per share in May 2014.

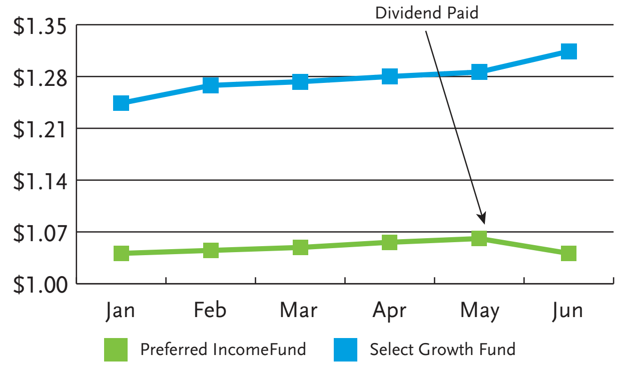
The performance of the Select Growth Fund and Global Balanced Fund benefited from the international equity markets and emerging markets rallies in the second quarter of the year, while the regional equity market holdings negatively impacted the portfolio. The Preferred Income Fund was positively impacted by the continued improvements in the fixed income markets.

The global economic outlook for the remainder of the year remains tepid. The IMF projected that global economic growth would remain at 3.6% for the year 2014 with the potential for a downward revision. The anticipated revision would be on the heels of a US economic growth rate revision to 2.0% from the previous rate of 2.8%. Also, the European Union had slower than anticipated growth with France being stagnant, while Italy and Portugal contracted for the first quarter of the year.

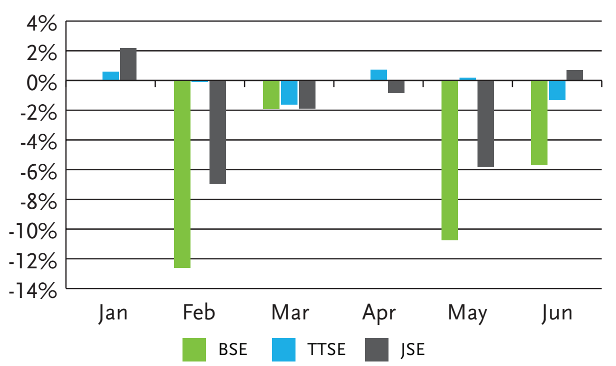
FUND PERFORMANCE 2014



FUND PERFORMANCE 2014



REGIONAL INDICIES 2014



FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2014 (YTD)						
		SGBF		SSGF		SPIF
Investments at Cost	$	57,562,498.83	$	30,942,422.62	$	28,337,362.41
Net Assets	$	62,856,913.78	$	32,397,069.82	$	28,474,983.01
Net Asset Value	$	2.30	$	1.31	$	1.04
Number of Units		27,312,406.37		24,656,260.79		27,348,922.04
Net Investment Income	$	3,436,009.10	$	2,684,533.08	$	914,445.38
Portfolio Appreciation	$	4,523,357.10	$	3,052,566.16	$	1,142,878.27
Interest Income	$	825,762.27	$	58,420.07	$	1,203,629.64