

International equity markets rallied in the first quarter of 2019 against the backdrop of easing trade tensions, and accommodative monetary policy amongst major central banks. US equities registered one of the best single quarterly returns since 2010 buoyed by better than expected corporate earnings and resilient economic data suggesting moderate growth. The Federal Reserve pivot to a more dovish stance given subdued inflation expectations along with slowing growth projections, which helped to underpin the performance of US equities. The Fed Funds Rate range remained unchanged at 2.25% to 2.50%. China's renewed commitment to stimulus coupled with encouraging manufacturing data, improved investor sentiment and allayed fears of slowing global growth. Still, a myriad of risks remain, including the lingering trade war between the US and China, the BREXIT saga and European economic malaise all of which threaten to undermine positive market sentiment.

In the US the Dow Jones Industrial Average Index and the NASDAQ Composite Index gained 11.2% and 16.5% respectively while the S&P 500 index advanced 13.1% for the first quarter. Investor confidence permeated globally as international developed and emerging market equities advanced. The MSCI EAFE Index gained 9.0% while the MSCI Emerging Market Index increased 9.6% for the quarter.

Regionally, equity market performance was subdued for the first quarter of 2019 with only the Trinidad and Jamaica stock exchanges having moderate gains of 1.9% and 2.2%. Both the Barbados and Eastern Caribbean exchanges declined 4.0% and 1.4%, respectively.

Global fixed Income market prices were boosted by a somewhat synchronized shift by major central banks to loosen monetary policy given the uncertainty surrounding global growth, while the general decrease in Treasury yields impacted bond valuations positively for the quarter. The yield of the 10-year Treasury fell from 2.66% at the fourth quarter of 2018 and ended the first quarter of 2019 at 2.52%.

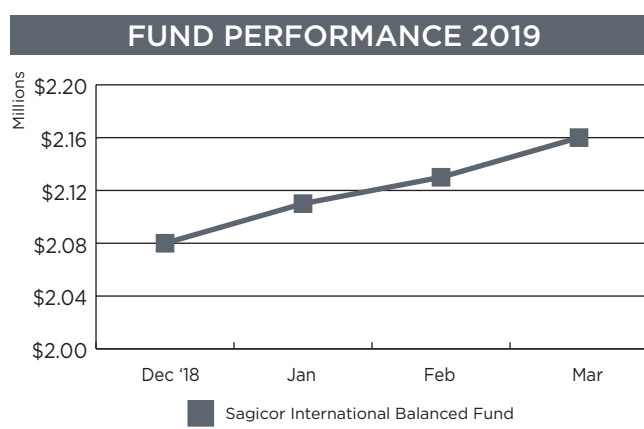
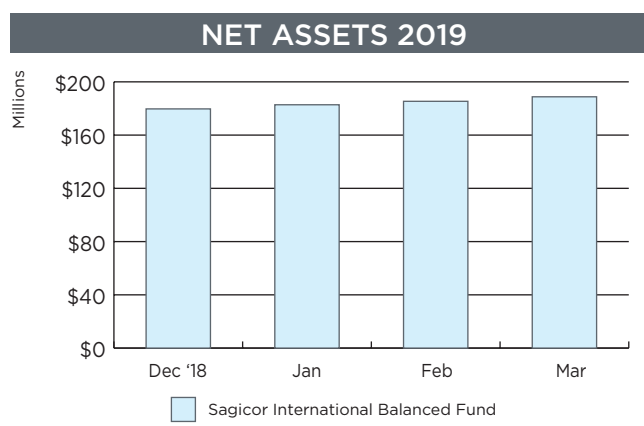
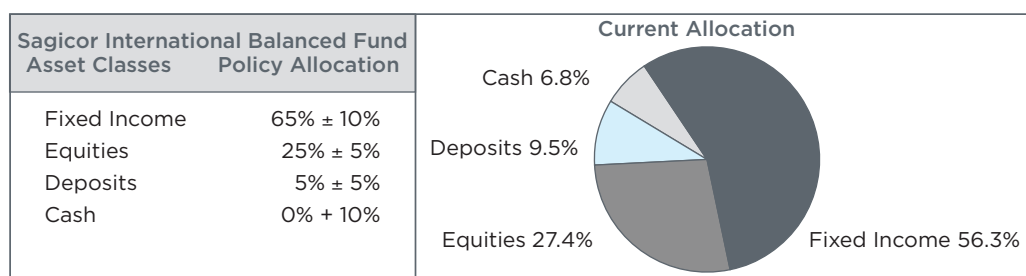
The landscape for regional fixed income centered around the progress of the IMF supported "BERT" program implemented in Barbados and the commitment by local authorities to meet the various mandates of quantitative performance metrics and structural reform objectives set by the IMF. Encouragingly, all indicative IMF targets for Dec 2018 were met, including

International reserves position, fiscal surplus and reduction of debt stock. As a result, the Standard and Poor's sovereign credit rating on Local Long-Term debt has been upgraded to B- from SD (selective default) returning some investor confidence as evidenced by recent investment projects being rolled out.

The Sagicor international Balanced Fund achieved a return of 3.5% for the first quarter of 2019, underpinned by the narrowing of credit spreads, which enhanced bond valuations. The Fund's NAV increased to \$2.16 as at March 31, 2019 while net assets totaled \$188.8 million. The Fund is tilted towards the fixed income asset class accounting for 56% of net assets while 27% is allocated towards equities. It is anticipated further Fund recovery will continue in the near to medium term as we exploit value opportunities through exposures to international capital markets while holding positions to benefit from regional upside potential.

Economic activity in the Eastern Caribbean maintained its upward trajectory with provisional estimates registering 3.3% GDP growth in 2018 an acceleration from the 1.4% recorded in the prior year. The main sector drivers of growth were real estate, wholesale and retail, hotels and restaurants and manufacturing; buoyed by continuing expansion in construction activity. Inflows from the Citizenship by Investment Program continued to help boost revenues for territories that have implemented the program. The Eastern Caribbean Central Bank forecasts regional economic expansion of 3.3% in 2019 which remains contingent on developments in global economies. Downside risks include trade uncertainty with US and China, political uncertainty, Brexit and external shocks such as severe weather events.

**Policy Asset Allocation
Sagcor International Balanced Fund**



FINANCIAL HIGHLIGHTS AS AT MARCH 31, 2019	
	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 178,765,357.25
Total Assets	\$ 189,069,243.42
Total Liabilities	\$ 295,247.19
Net Assets	\$ 188,773,996.23
Net Investment Income/(Loss)	\$ 2,306,932.13
No. of Units Outstanding as at March 31, 2019	87,527,523
Net Asset Value per Unit as at March 31, 2019	\$ 2.16
Increase/(decrease) in Net Asset Value per Unit for year	3.52%