

INVESTMENT COMMENTARY

Sagicor International Balanced Fund | September 2021

Global bond yields rose sharply towards the end of the quarter as investors started to price in a swifter pace of monetary tightening than previously expected. The latest move reflected more hawkish signals from major central bank officials. The gradual shift in central bank policy reflects optimism over economic growth, rather than worries over elevated inflation at this time. Although the pace of growth may have decelerated, it looks set to remain above long-term trend. Given the rise in Treasury yields the S&P 500, Dow Jones Industrial Average and MSCI All Country World Ex USA Indices returned 0.2%, -1.9% and -0.4% for the third quarter. Regional indices saw outperformance from TTSE returning 2.0% while, the JSE, BSE and ECSE returned -2.5%, -0.4% and 0.4% respectively.

The US Federal Reserve left key interest rates unchanged at a range of 0.0% to 0.25% and commented the sectors most adversely affected by the pandemic have improved in recent months, but the rise in COVID-19 cases has hampered their recovery. Inflation is elevated, largely reflecting transitory factors. The Barclays Global Aggregate bond Index returned -4.1% for the first nine months of 2021. Emerging market assets were negatively impacted by fear of contagion amid one of China's large property developers Evergrande debt crisis. As a result, regional USD\$ denominated market yield spreads have widened relative to the benchmark US treasury yield curve and decreased the valuations of those debt securities. Investment grade Trinidad and Tobago USD bond valuations were negatively impacted by the rating agency Standard & Poor's negative outlook issued at the end of July 2021. However, one must keep in mind that ratings outlook

tends to be based on lagged data which would have reflected covid induced economic fallout, poor vaccination rates and lower energy prices. Those factors have since improved and the ratings could stabilize or be upgraded in the short to medium term.

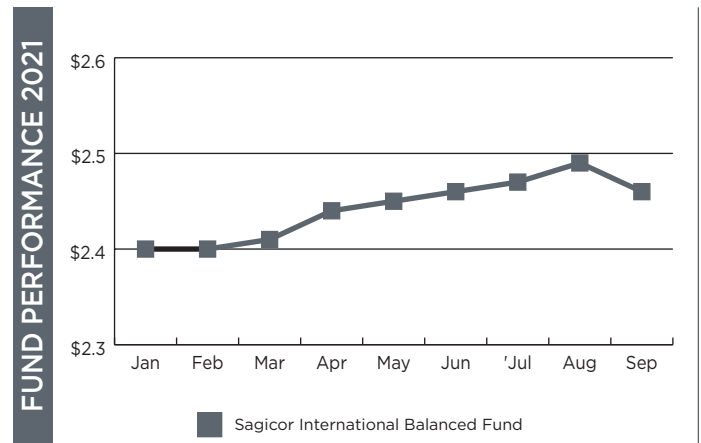
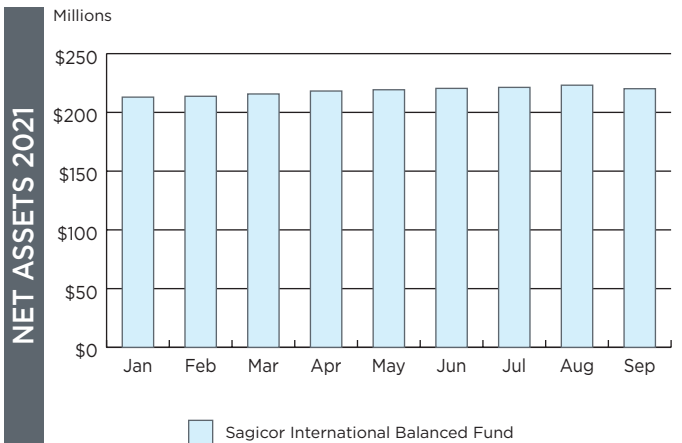
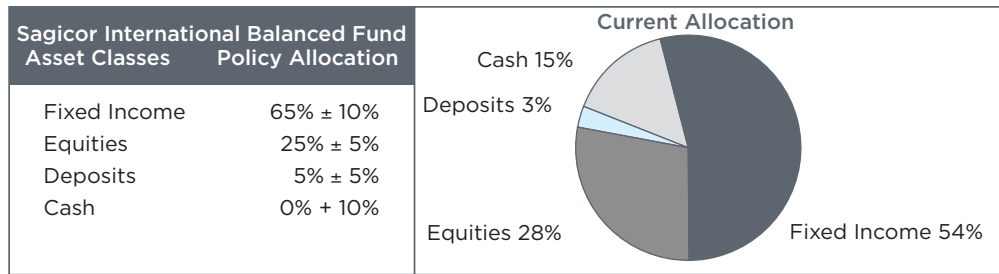
Amid the tenuous backdrop the Sagicor International Balanced Fund returned 2.7% during the first nine months of 2021 giving back some of the earlier gains made up to the end of August 2021. As of September 30, 2021, the Fund's NAV remained unchanged relative to the second quarter at \$2.46 while net assets stood at \$220.2 million. The main detractors to performance were attributed to market valuation losses from regional government debt holdings in the month of September. However, the Funds' 28% exposure to local, regional, and international equities plus liquid assets limited the downside from the underperformance of regional bonds.

A litany of risks for investors to consider are the winding down of monetary stimulus amid mounting fears about slowing global economic growth, elevated inflation, supply chain bottlenecks a global energy crunch and regulatory risks emanating from China. Regionally, a spike in Covid-19 cases has adversely impacted economies and stalled the recovery as restrictions and curfews were reinstated to limit the spread of the highly deadly and transmissible delta variant. Given the Funds' diversification by asset class and geography risks to the downside will be mitigated.

TOP 5 HOLDINGS		
	Holding	Country/Region
1	Government of Barbados Series D Bond	Barbados
2	St Lucia Electricity Services Limited	St. Lucia
3	Government of Bermuda 2027 Bond	Bermuda
4	Trinidad & Tobago 2026	Trinidad
5	Commonwealth of Bahamas 2024 Bond	Bahamas

*as at September 30, 2021

Policy Asset Allocation
Sagikor International Balanced Fund



FINANCIAL HIGHLIGHTS AS AT SEPTEMBER 30, 2021

	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 184,259,566.44
Total Assets	\$ 220,092,009.33
Total Liabilities	\$ (66,765.37)
Net Assets	\$ 220,158,774.70
Net Investment Income/(Loss)	\$ 5,782,258.67
No. of Units Outstanding as at September 30, 2021	9,501,124
Net Asset Value per Unit as at September 30, 2021	\$ 2.46
Increase/(decrease) in Net Asset Value per Unit for year	2.7%

INDEX	ASSET CLASS	COUNTRY	JAN 2021 - SEP 2021
ECSE	Domestic Equity	St. Kitts	-2.2%
S&P 500	Global Equity	US	14.7%
Dow Jones	Global Equity	US	10.6%
FTSE 100	Global Equity	UK	9.7%
Nikkei 225	Global Equity	Japan	7.3%
JPMorgan EMBI+	Emerging Market Fixed Income	US	-4.2%

*as at September 30, 2021