

A US/China phase one trade truce, optimism for a BREXIT agreement along with positive corporate earnings reports and better than expected economic data quelled recession fears and buoyed equity markets in the fourth quarter. Despite the positive market sentiment, the global picture remained weak with the IMF making a fifth straight cut to its global growth forecast citing a broad deceleration across the world's largest economies as trade tensions undermine the global expansion. Global commodities strengthened on consumer optimism during the quarter. The US Federal Reserve bank cut its lending rate for the third time since July to a range of 1.5% to 1.75% with its chairman reassuring markets the economy was "in a good place".

US equities underpinned by less market uncertainty and an accommodative Federal Reserve Bank rallied during the quarter with the Dow Jones Industrial Average and the S&P 500 Indices returning 6.7% and 9.0% respectively while returns for the year ended December 31, 2019 were 22.3% and 28.9% respectively. Emerging market equities rebounded with the MSCI EM Index returning 11.8% for the quarter and 18.4% for the year. A trade war truce along with a weakening US Dollar positively impacted emerging market equities. Equities globally were buoyed by trade optimism that permeated markets. The Jamaica stock exchange continued its strong performance in 2019 returning 32.0% while the Trinidad and Tobago Stock exchange buoyed by increased energy prices posted a return of 12.7%. The Barbados and Eastern Caribbean indices underperformed returning -7.5%, and -3.3%, respectively.

The yield of the 10-year US Treasury increased from 1.6% at the beginning of October 2019 and ended the fourth quarter at 1.9%. Investor optimism from easing trade tensions reduced demand for safe-haven assets such as bonds which increased their yields and lowered prices.

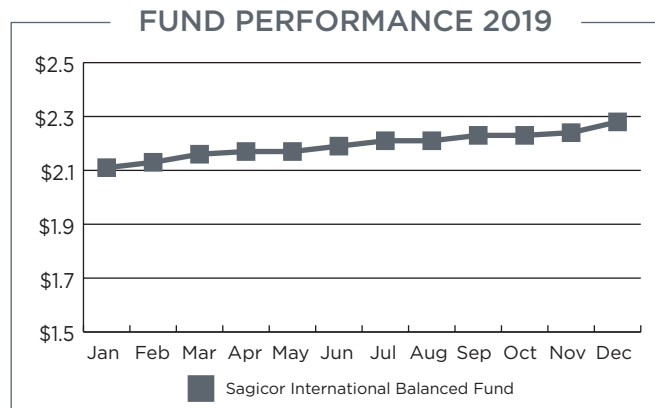
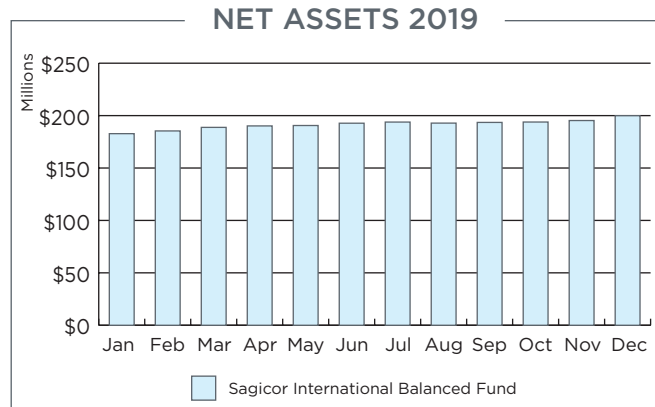
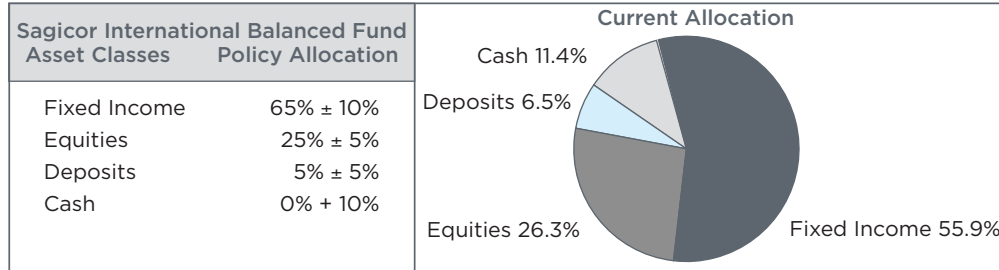
The Barbados Government agreed on terms for restructuring its US dollar denominated debt that led to a rating upgrade to B- on its external debt. This

development was welcomed by local market participants and further highlights the progress made under the IMF program in stabilizing the economy and placing it on a path to growth.

Given buoyant labor market conditions and increased wages in the ECCU major source markets such as the US and UK, tourist arrivals increased during 2019 and contributed to economic activity improving relative to the corresponding 2018 outturn. Inflation pressures remained muted despite marginal increases in consumer prices of some member countries. Economic activity is projected to expand in 2019 and to remain on a positive trajectory into 2020 albeit with uneven growth across countries. Of concern central governments within the ECCU moved from a consolidated fiscal surplus in 2018 to an overall fiscal deficit in 2019 while total debt stock expanded.

Against this backdrop the Sagicor International Balanced Fund achieved a 2019 year to date return of 9.6%, underpinned by rallying equity prices and unrealized gains from the bond segment of the Fund during the fourth quarter. The Fund's NAV increased to \$2.28 as at December 31, 2019 up from \$2.22 as at September 30, 2019, while net assets totaled \$199.9 million.

**Policy Asset Allocation
Sagicor International Balanced Fund**



FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2019	
	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 182,821,215.28
Total Assets	\$ 198,936,935.69
Total Liabilities	\$ 963,825.22
Net Assets	\$ 199,900,760.91
Net Investment Income/(Loss)	\$ 17,457,393.35
No. of Units Outstanding as at December 31, 2019	87,554,410
Net Asset Value per Unit as at December 31, 2019	\$ 2.28
Increase/(decrease) in Net Asset Value per Unit for year	9.59%