

INVESTMENT COMMENTARY

Sagicor International Balanced Fund | December 2021

Global equities wrapped up a big year amid an economic recovery that withstood multiple waves of the Covid-19 pandemic. While the highly contagious omicron variant of the virus continues to spread rapidly across the world, sending case counts soaring in the US and Europe, vaccines and antiviral treatments have reassured investors that severe infections won't spiral out of control again. In 2021, a recovery from the depths of the pandemic's first year amid fiscal and monetary policy support helped drive earnings and stock market returns. The 10-year US Treasury yield, which ended 2020 at 0.92%, moved up 59 basis points amid rising inflation and improved economic performance that has led the market to expect interest rate hikes in 2022. Energy was the big winner among S&P 500 sectors, rallying 37% as oil prices rose more than 50% in 2021. Real estate and technology stocks followed with annual gains of 29% and 27% respectively. The S&P 500, Dow Jones Industrial Average and MSCI All Country World Ex USA Indices returned 11.0%, 7.4% and 7.5% for the fourth quarter. Regional indices saw outperformance from TTSE returning 4.6% while, the JSE, BSE and ECSE returned -4.5%, -3.3% and 1.3% respectively.

The US Federal Reserve left key interest rates unchanged at a range of 0.0% to 0.25% and commented in light of inflation developments and the further improvement in the labor market, the Committee will begin quantitative tightening by reducing its balance sheet sooner than previously forecast. The fixed income asset class underperformed in 2021 considering the downside risks of rising interest rates and inflation which erodes the spending power of the earned income for investors. The Barclays Global Aggregate bond index returned -4.7% for the year ended December 31, 2021. Investment grade Bermuda and Trinidad and Tobago USD bond valuations were negatively impacted by increased credit spreads versus the benchmark US treasury yields and rating agency Standard & Poor's negative outlook issued at the end of July 2021 for Trinidad and Tobago sovereign. However, compared to the uncertain returns

from equities, commodities and other investment classes, the predictable and regular returns from fixed-income investments were used to efficiently diversify the Fund.

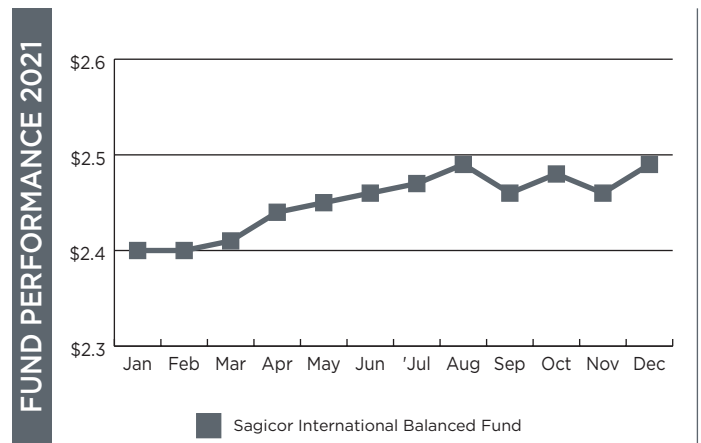
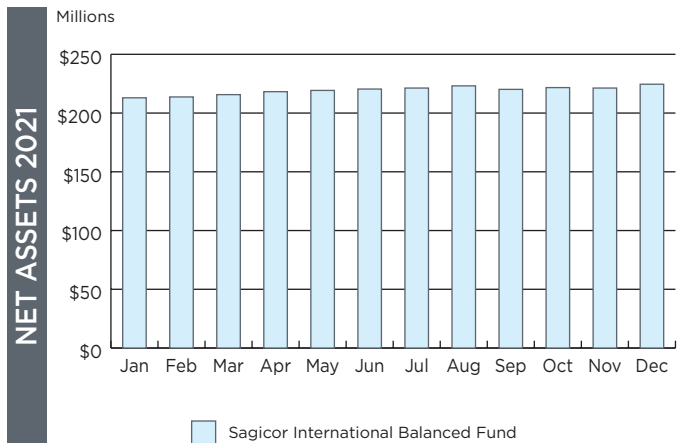
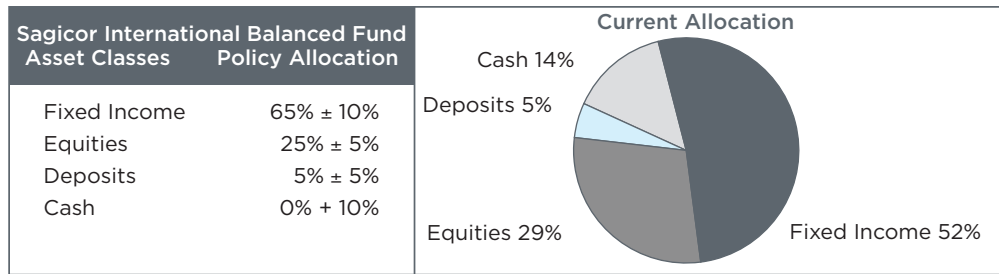
Against this backdrop the Sagicor International Balanced Fund returned 4.0% for the year ended December 31, 2021. The Fund's NAV increased 1.2% during the fourth quarter and stood at \$2.49 while net assets increased to \$224.5 million. The funds' exposure to international equities contributed to the positive performance during the fourth quarter. In addition, benchmark US Treasury yields remained relatively unchanged during the final quarter of the year positively impacting regional bond securities.

Global monetary policy decisions will become the focus of 2022 as they seek to contain inflation and cool overheating economies. One of the major risks for investors to consider is potential monetary policy mistakes such as the US Federal Reserve officials normalizing rates to quickly which could crimp the recovery in economic activity. Another major focus will be on how Regional governments can achieve sustained GDP growth while creating enough fiscal room to place sovereign debt on a downward trajectory, amid a crippled tourism sector impacted by restrictions on global travel due to the pandemic. Recovery in regional economic activity is contingent upon Covid-19 tolerance levels by policy makers as well as the forecasted rebound in global demand for travel and leisure. The Fund remains conservatively positioned with an overweight allocation to liquid assets providing a solid foundation to weather market and economic uncertainty, while offering flexibility to capitalize on compelling investment opportunities in 2022.

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 December 31, 2021

Policy Asset Allocation
Sagikor International Balanced Fund



FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2021	
	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 190,194,051.83
Total Assets	\$ 224,531,580.65
Total Liabilities	\$ (819.81)
Net Assets	\$ 224,532,400.46
Net Investment Income/(Loss)	\$ 8,473,969.86
No. of Units Outstanding as at September 30, 2021	90,186,657
Net Asset Value per Unit as at September 30, 2021	\$ 2.49
Increase/(decrease) in Net Asset Value per Unit for year	4.0%

INDEX	ASSET CLASS	COUNTRY	JAN 2021 - DEC 2021
ECSE	Domestic Equity	St. Kitts	-1.0%
S&P 500	Global Equity	US	26.9%
Dow Jones	Global Equity	US	18.7%
FTSE 100	Global Equity	UK	14.3%
Nikkei 225	Global Equity	Japan	4.9%
JPMorgan EMBI+	Emerging Market Fixed Income	US	-4.5%

*as at December 31, 2021