

## MARKET OVERVIEW

### Macro-Economic Overview

During the second quarter of 2023, we observed mixed performances in financial markets with equities outperforming fixed income significantly. Growth-styled equities advanced and continued its stellar recovery following broad declines in 2022, predominantly due to outperformance by a handful of Information Technology stocks driving the Artificial Intelligence (A.I) transition in businesses. Value-oriented stocks were a bit more muted but still saw improved valuations as the stock market was generally supported by a resilient US economy and economic data which pointed towards lower inflation prints. As a result, market sentiment has shifted with investors now optimistic of a shift in interest rate policy in the near term and a possible soft economic landing outcome.

The S&P 500 reflected one of the strongest midyear performances over the past 20 years with a 16.8% return while the Nasdaq returned 32% as Information Technology stocks were the big winners year to date. Global stocks also reflected growth as the MSCI ACWI was up 13.9% while Emerging Markets lagged other indices against softer than expected Chinese economic data.

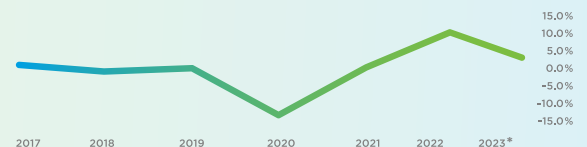
Interest rate policy continues to dictate investors' appetite as the Federal Reserve's unchanged position in June, followed by the lowest CPI print in over 12 months the following month, provided strong optimism that a moderation of the interest rate policy is closer and the elusive soft landing economic scenario gathers momentum. However, the fixed income asset class still lagged during Q2 as some members of the Federal Reserve remained hawkish on rates despite the downward trend of the CPI and the Bloomberg Global Aggregate Index declined 1.5% during the quarter and produced a 1.4% return as at June 30th.

### Outlook

Global growth estimates by the IMF now projects the global economy will grow by 3.0% in 2023 vs 2.8% previously declared in April. While inflation and aggressive monetary policy has weighed on growth relative to prior years, the IMF purports that faster falling inflation can lead to the upside thus reducing the need for the level of quantitative tightening utilized thus far.

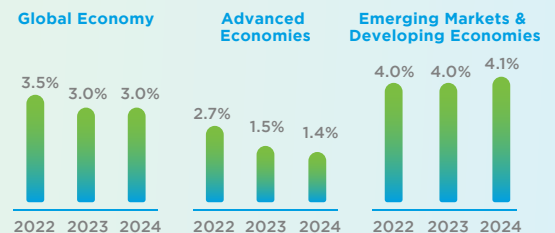
Key Indices (Quarterly Returns)	Sep-2022	Dec-2022	Mar-2023	Jun-2023
BSE Index	-0.2%	0.4%	0.6%	0.5%
TTSE Composite Index	-2.8%	-0.8%	-1.5%	-2.3%
JSE Index	-5.9%	-1.6%	-4.3%	-2.5%
S&P 500 Index	-4.9%	7.6%	7.5%	8.7%
Dow Jones Index	-6.2%	16.0%	0.9%	4.0%
MSCI All Country World Index	-6.8%	9.8%	9.8%	6.2%

### Barbados GDP Growth (Real)



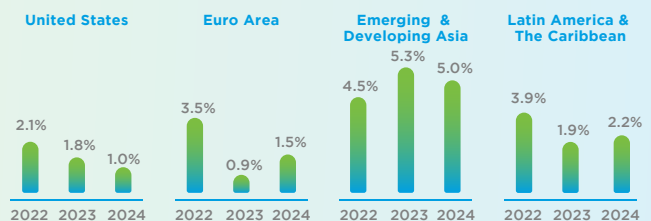
2023\* - Real GDP growth for the first quarter of the year  
Source: Central Bank of Barbados

### World Economic Outlook Update: July 2023 Growth Projections (% change)



Source: IMF WEO Update: July 2023

### World Economic Outlook Update: July 2023 Regional Growth Projections (% change)



Source: IMF WEO Update: July 2023





# SAGICOR (EQUITY) FUND

QUARTERLY NEWSLETTER Q2 | JUNE 30<sup>TH</sup>, 2023

## ASSET MANAGEMENT

### INVESTMENT OBJECTIVE

This Fund seeks to balance risk and return with the aim of maximizing long-term capital appreciation through investing in a diversified portfolio mix of local, regional and international equities, domestic real estate, mortgages and fixed income instruments.

**Fund Inception Date:** April 09<sup>th</sup>, 1969

**Fund Manager:** Sagicor Asset Management Inc.

**Management Fee:** 0.75% per annum

#### Fund Statistics:

Total AUM (in millions) - \$642.7 BDS

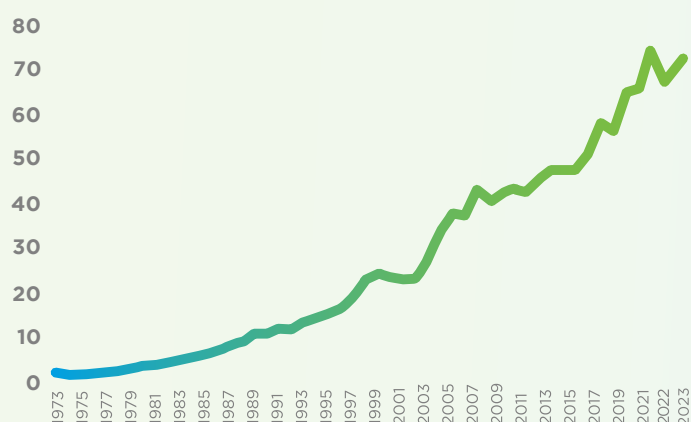
N.A.V - \$72.00 BDS

#### Fund Performance (%)

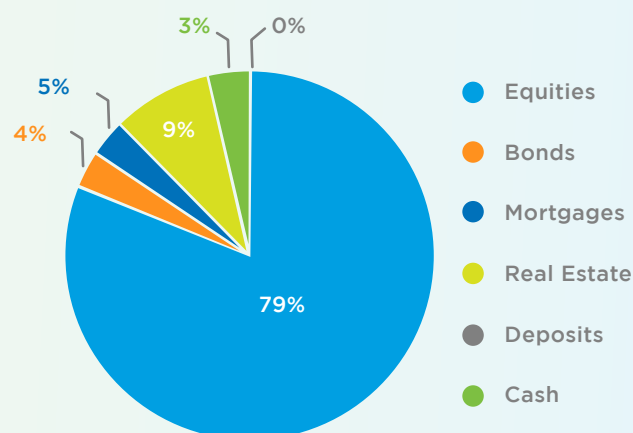
YTD	1-YR	5-YR	10-YR	30-YR
4.8%	-7.5%	3.8%	4.4%	6.3%

\*Average annual calendar year performance

#### Fund Inception Return as at June 30<sup>th</sup>, 2023



#### Portfolio Asset Allocation



The Sagicor (Equity) Fund advanced 2.8% during the second quarter and now reflects year-to-date returns of 4.8% at the close of June 2023. The Fund's net assets increased to \$642.7 million with a unit value of \$72.00.

Performance attribution was largely driven by our overweight position to international equities which experienced strong gains during the period. Receding inflation and optimism of a soft economic landing, coupled with the "FOMO" from retail investors of a bull market rally, has seen notable capital move back into riskier assets, despite the restrictive financial conditions set by aggressive rate policy and a clouded economic outlook for growth.

During the quarter, the investment team made very few changes to the portfolio which remains positioned for growth if economic data continues to support businesses and the wider economy. In 2021, we advised unitholders that we took a tactical position in US oil and gas which proved to be a good hedge for the portfolio during a difficult investment period in 2022. Approximately 24 months later, we trimmed this position and collected notable profit with the intention of redeploying this capital into core investment strategies in the portfolio. Additionally, strategic exposure to Brazilian equities and selective commodities provided strong returns and augmented growth for the Fund during Q2.

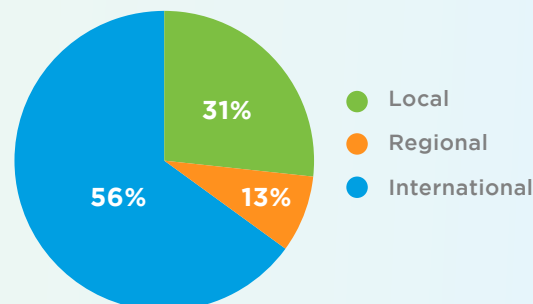
#### Top 10 Holdings (%)

Massy Holdings Ltd	11%
Goddard Enterprises Ltd	10%
Royal Bank of Canada	4%
First Caribbean International Bank	3%
Pictet - PTR Atlas Fund	3%
Morgan Stanley	3%
Schwab US Dividend Equity Fund (ETF)	3%
Neuberger Berman	2%
MFS Meridian European Research Fund	2%
Aspect Diversified Trends US Fund	2%
Total of Top 10 Holdings	44%

#### Sector Analysis of International Holdings

Information Technology	21%
Financials	14%
Consumer Staples	7%
Health Care	15%
Communication Services	4%
Consumer Discretionary	10%
Energy	5%
Industrials	12%
Materials	3%
Real Estate	9%
Utilities	1%
Total International Equity Holdings	100%

#### Geographic Breakdown





## ASSET MANAGEMENT

# SAGICOR (BONDS) FUND

QUARTERLY NEWSLETTER Q2 | JUNE 30<sup>TH</sup>, 2023

## INVESTMENT OBJECTIVE

This Fund seeks to achieve consistent long-term returns primarily from its investment in a diverse mix of local, regional and international sovereign and corporate bonds. The Fund is further diversified through its domestic mortgage holdings, regional & international equities and term deposits.

**Fund Inception Date:** April 09<sup>th</sup>, 1969

**Fund Manager:** Sagikor Asset Management Inc.

**Management Fee:** 0.50% per annum

### Fund Statistics:

Total AUM (in millions) - \$454.7 BDS

N.A.V - \$30.18 BDS

Number of Holdings - 143

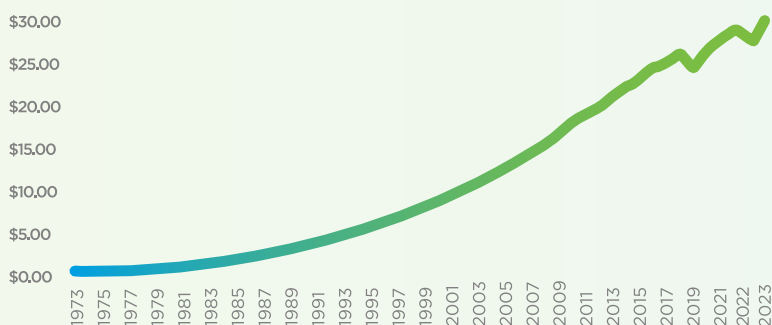
Yield to Maturity - 7.1%

### Fund Performance (%)

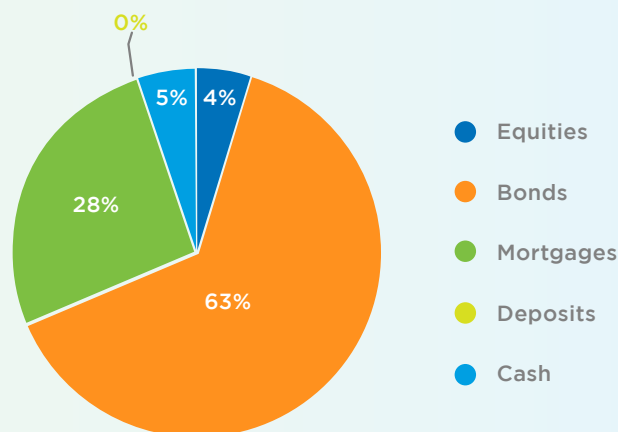
YTD	1-YR	3-YR	5-YR	10-YR
2.4%	0.0%	2.7%	2.1%	3.2%

*\*Average annual calendar year performance*

### Fund Inception Return as at June 30<sup>th</sup>, 2023



### Portfolio Asset Allocation



The Sagikor (Bonds) Fund closed the second quarter up 2.4% on a year-to-basis. Despite mixed results in global fixed income markets, the Fund's diversified asset base and our current preference towards short duration instruments meant our assets were less sensitive to the additional interest rate hike instituted by the Federal Reserve during the period.

Excess cash continues to be rotated in and out of short-term US Treasuries yielding in the 5.25% to 5.5% range. We have remained cautious of capital deployment too far along the yield curve as interest rate policy by central banks still appears ominous to market participants given the price volatility. We anticipate that monetary policy by Central Banks will be highly influential on the performance of financial markets in the second half of 2023.

We remain in a "wait and see" position to observe the economic outcome to the now 11 rate increases instituted since the start of March 2022. While economic data has reflected some resiliency, we remain cautious that any further monetary tightening could ultimately tip the US economy into a recession. Notwithstanding such a scenario, the construct of this portfolio would be a good hedge for such conditions, and we anticipate positive performance of the Fund.

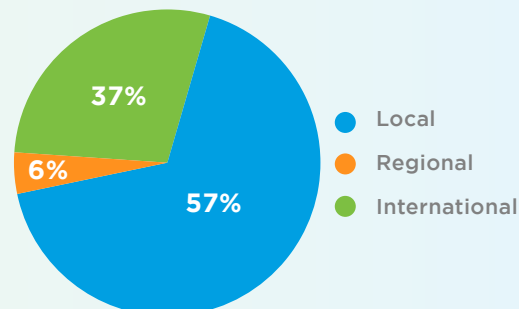
### Top 10 Holdings (%)

Gov't of Barbados Series D 1.5% Due 08/31/2053	22%
Gov't Of Bermuda 3.717% Due 01/25/27	9%
Trinidad Generation Unlimited 5.25% Due 11/04/2027	3%
Gov't of Trinidad & Tobago 5.875% Due 05/17/2027	3%
Gov't of Barbados 6.50% Due 10/01/2029	2%
Gov't of Trinidad & Tobago 4.5% Due 08/04/26	2%
Natural Gas Co. Trinidad 6.05% Due 01/15/36	2%
Gov't of St. Lucia 6.5%	2%
Legg Mason Brandywine Global Income Fund	2%
United States of America Treasury Bill	1%
<b>Total of Top 10 Holdings</b>	<b>48%</b>

### Credit Quality (%)

AAA,AA	2%
A	19%
BBB	30%
BB	15%
B	32%
CCC, CC	1%
C	0%
D	1%

### Geographic Breakdown



## INVESTMENT COMMENTARY

QUARTERLY NEWSLETTER

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SAGICOR (BONDS) FUND