

Sagicor International Balanced Fund



ASSET MANAGEMENT

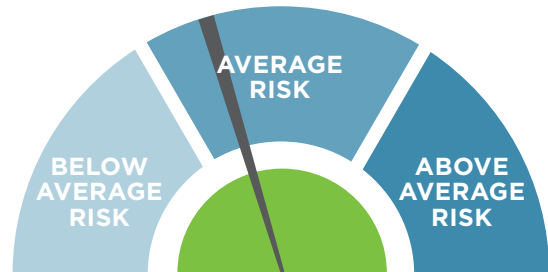
Q1

Inception Date: January 14, 2000
Fund Manager: Sagicor Asset Management Inc.
Quarterly Newsletter
March 31, 2026

Investment Objective

The primary objective of the Scheme is to balance risk and return with the aim of achieving long-term growth to facilitate the payment of the pensions by occupational pension plans invested in the Scheme and the return of contributions to members of such plans where employment terminates before retirement age.

Investor Risk Tolerance Level



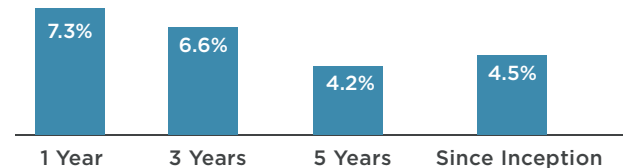
Total Annual Expense Ratio

1.1% p.a.

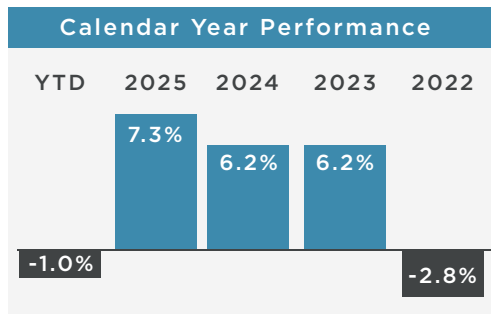
Fund Statistics

| | |
|------------------------------------|----------------------|
| Total net assets (in millions) | \$326,845,026 |
| NAV/Unit | \$2.90 |
| Percentage of top ten (5) holdings | 31% |
| Yield to Maturity | 4.4% |
| Duration in Years | 4.2 |

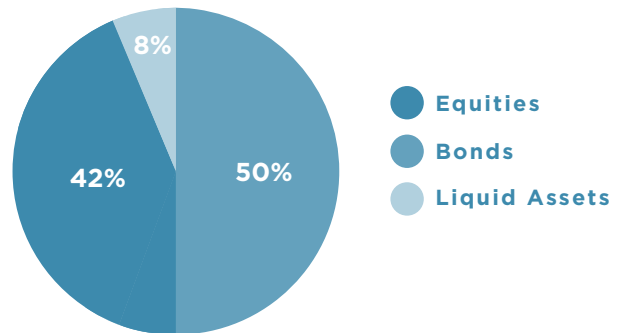
Fund Performance (%)



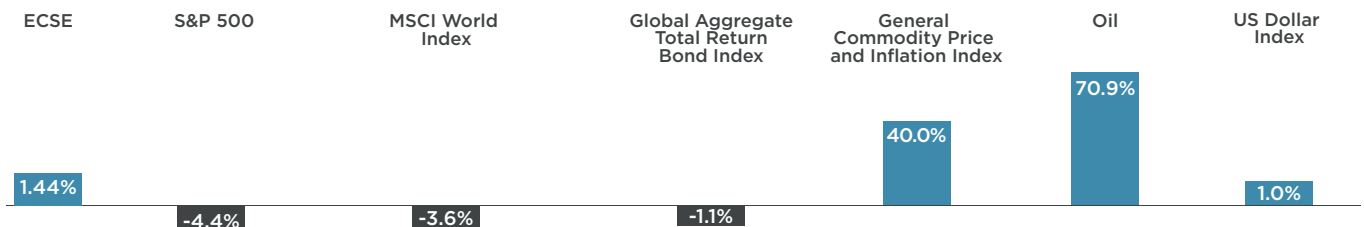
Performance History (%)



Asset Class Allocation (%)



Asset Classes By Year-to-Date Total Return



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Commentary

Market Overview

The first quarter of 2026 was shaped by a sharp shift in macro conditions and geopolitical risk. Escalating tensions between the U.S., Israel, and Iran—combined with a surge in oil prices of over 70%—triggered a repricing of inflation expectations and materially altered the expected path of monetary policy. Markets moved from anticipating rate cuts to pricing a non-trivial probability of further rate hikes, tightening financial conditions. At the same time, underlying economic data pointed to slowing growth alongside persistent inflation pressures—raising the risk of a stagflationary environment. Earnings growth expectations remain concentrated in a narrow group of sectors (primarily technology, energy, and materials), while broader economic momentum and productivity gains have underwhelmed. Credit markets have also begun to show signs of stress, particularly within private credit, with spillovers into public investment-grade and high-yield bonds.

Against this backdrop, equity markets remained relatively resilient but range-bound, with increased volatility and sector rotation defining the quarter.

Portfolio Performance & Positioning

The International Balanced Fund delivered resilient relative performance during Q1, benefiting from its diversified asset allocation and emphasis on quality.

- Total Portfolio Value: \$326.8M
- Asset Allocation:
- Equities: 42%
- Fixed Income: 50%
- Term deposits: 3%
- Cash: 5%

Key contributors to performance:

- Emerging Markets: +7%
- U.S. Large Cap Value: 0%
- Real Assets (REITs, Gold): +13%
- Semi-liquid Alternatives: +2.7% (providing meaningful diversification)
- Global equities in the portfolio declined -4.3%, underperforming the MSCI AC World Index (-3.2%), reflecting the under allocation to volatile energy stocks versus the benchmark.

Key detractor:

- Goddard Enterprises Limited share value declined over -7.9%, materially impacting overall returns.

Portfolio Drivers

1. Defensive Equity Positioning

Exposure to high-quality, dividend-paying global equities helped cushion downside volatility. Companies with pricing power and strong balance sheets proved more resilient amid inflation and cost pressures.

2. Investment Grade Credit Stability

Investment-grade fixed income provided income and relative stability despite modest spread widening. This allocation helped offset equity volatility.

3. Alternative Hedge funds acted as a volatility dampener and low correlation to public markets, validating their role as a diversifier amid.

Key Risks

We remain focused on several downside risks that could impact markets in the coming quarters:

- Geopolitical escalation involving the U.S., Israel, and Iran
 - Sustained high oil prices, reinforcing inflation pressures
 - Inflation re-acceleration, delaying or reversing monetary easing
 - Central bank tightening bias, with rising probability of rate hikes
 - Private credit stress, with potential contagion into broader financial markets
- These dynamics increase the likelihood of a stagflationary environment, characterized by slower growth and persistent inflation.

Upside Scenarios

Conversely, several developments could support a more constructive outlook:

- A lasting geopolitical resolution and de-escalation in the Middle East
- Reopening of the Strait of Hormuz, normalizing oil supply
- A decline in energy prices, easing inflation pressures
- Continued corporate earnings resilience, particularly in sectors with strong pricing power

Outlook & Strategy

Looking ahead, the investment environment remains highly uncertain, with markets balancing resilient earnings against tightening financial conditions and macro headwinds.

We are emphasizing:

- Maximum diversification across asset classes
- Selective equity exposure, favouring quality and pricing power
- Real assets and alternatives as key hedges against inflation and volatility
- Active management, given increased dispersion across sectors and regions

We remain cautious on broad market exposure and continue to favor stock selection over passive exposure, particularly as earnings growth remains narrow and valuation signals may be misleading in a slowing economy.

Despite a challenging macro backdrop, the Fund demonstrated resilience in Q1 2026, outperforming global benchmarks and benefiting from disciplined diversification and risk management.

While near-term risks remain elevated, the portfolio is well-positioned to navigate continued volatility, with a balanced exposure to growth, income, and inflation protection assets.

We will continue to actively monitor market developments and adjust positioning to preserve capital while capturing selective opportunities.

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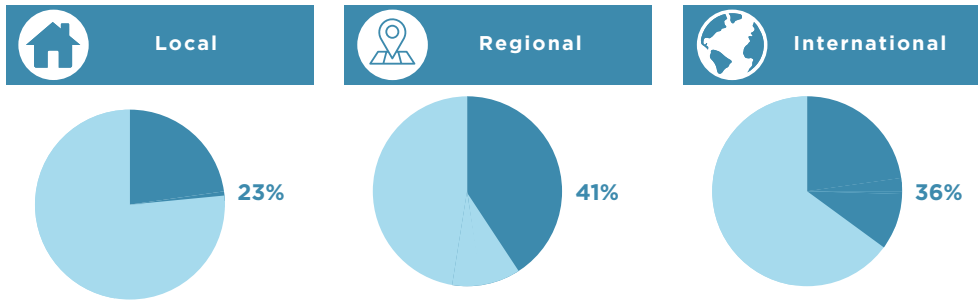


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Geographical Breakdown (%)



International Equities Sector Breakdown (%)

