



Wise Financial Thinking for Life

**Sagicor International Balanced Fund
Half-Yearly Report June 30, 2024**

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This half-yearly report is being issued by:

Sagicor Asset Management (Eastern Caribbean) Limited

Registered office address:

Cecil F de Caires Building
Wildey
St. Michael, BB15096
Barbados

Principal office in St. Lucia:

Sagicor Financial Centre
Choc Estate
Castries
Saint Lucia

Date of Incorporation: October 13th, 2010

Place of Incorporation: Barbados

The Eastern Caribbean Securities Regulatory Commission (ECSRC) has authorized the Scheme under Authorisation No. KN-CIS-002-16 issued December 21st, 2016.

Operators and Principals

Names and registered addresses

- (a) Management Company
SAGICOR ASSET MANAGEMENT (EASTERN CARIBBEAN) LIMITED

<i>Registered office address:</i>	<i>Principal office in St. Lucia:</i>
Cecil F de Caires Building	Sagicor Financial Centre
Wildey	Choc Estate
St. Michael, BB15096	Castries
Barbados	Saint Lucia

Directors

Ian Carrington
Dr. Marjorie Patricia Downes-Grant
Donald St Clair Austin
John Edward Clarke
Keston Dayton Howell
Dr. Grenville Winslow Phillips
David Orlando Wright

- (b) Custodian Eastern Caribbean Central Securities Depository

- (c) Registrar and Transfer Agent (pending)

- (d) Auditor
PRICEWATERHOUSECOOPERS EAST CARIBBEAN
Temple Chambers
36 Long Street
St. John's Antigua

Investment Objectives

Investment Objectives and Policy

The Scheme is authorised to invest in bonds, shares, stocks, notes, certificates of indebtedness, acceptance and interest and other negotiable securities and its investments are diversified in nature, geographical location and the lines of commercial activity they represent. (Trust Deed, Article 3.1.1 as restricted pursuant to Art. 3.1.14)

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. The most significant risks to Participants in the Scheme are default risk, interest rate risk and volatility across regional and international equity markets. These are however not abnormal risks.

Constitution of the Collective Investment Scheme

The Scheme is an open-ended unit trust registered under the Trusts Act, 1996 of the Federation of St. Christopher and Nevis and was established as an investment vehicle for pension plans in the Eastern Caribbean territories of Antigua and Barbuda; the Commonwealth of Dominica; Grenada; Saint Lucia; the Federation of Saint Christopher and Nevis; and Saint Vincent and the Grenadines.

Name of the Scheme: SAGICOR INTERNATIONAL BALANCED FUND

Registered addresses of the Scheme:

Sagicor Financial Centre
9 Factory Road
St. John's
Antigua

Willcher Services Inc
44 Hillsborough Street
Corner Hillsborough & Independence Streets
Roseau
Dominica

The Mutual/Trans Nemwil Office Complex
The Villa
St. George's
Grenada.

TDC Building,
Central Street
Basseterre
Saint Christopher

Sagicor Financial Centre
Choc Estate
Castries
St. Lucia

S. V. Browne Agency Limited
P.O. Box 2268
Frenches
Kingstown
St. Vincent

Place of creation: Federation of Saint Christopher and Nevis

Date of creation: 14 January 2000

Duration: 100 years or such other perpetuity period as may be prescribed by law

The Sagicor International Balanced Fund falls within the category of Balanced Funds where investment assets are allocated relatively proportionate across bonds and equities. However, the Sagicor International Balanced Fund represents a conservatively allocated fund which holds up to 30% of its allocation in equities with a residual tilt towards the fixed income asset class.

Fund Review

Equity markets have rallied in the first half of 2024, with the MSCI All Country World Equity index gaining 10.2% year-to-date, backed by an artificial-intelligence-driven boost to corporate profit expectations. The gains have come despite US inflation proving more persistent than expected, delays to US interest rate cuts, and the 10-year US Treasury yield rising 34 basis points. The dollar index has rallied by nearly 4%. While the geopolitical situation remains uncertain, volatility has stayed relatively low across asset classes, although gold prices have rallied 12%... Fund exposure to international equities has allowed investors to participate in the market rally and returned 3.1% as of June 30, 2024. As corporate earnings results begin to rollout in July, market participants will have more visibility on the health of firms and the real economy. Volatility will most likely remain elevated until there is compelling evidence major central banks globally have won the battle against inflation, US economy avoids recession, and geopolitical threats are decline. We expect to see the demand for haven assets like cash and bonds to increase over the coming weeks and months amid slowing economic activity. Uncorrelated alternative assets will also provide protection to the myriad of downside risks. Diversification alone will not fully immunize the portfolio from the systemic risks of a global recession and there will be near-term volatility. The Fund is already defensively positioned with over 70% of the asset allocations to low and moderately risked exposures such as cash and bonds respectively and should allow the fund to mitigate against recessionary impacts to performance.

Economic activity in the Eastern Caribbean Currency Union (ECCU) expanded in 2023, surpassing its pre-pandemic level in real terms. Tourism activity was strong, although arrivals remained below 2019 levels. In 2023, real gross domestic product (GDP) grew by 4.3%, after having expanded by 11.8% in the previous year. Tourism related activity remained strong although arrivals remained below its 2019 level. The expansion was broad based across all member countries, ranging from 8.2% in Anguilla to 2.3% in Saint Christopher and Nevis. Despite challenges, Barbados' economy grew in early 2024, further strengthening key economic aggregates like the current account balance and debt-to-GDP ratio. Amidst challenges such as elevated foreign interest rates, geopolitical tensions, higher freight costs, and adverse local weather conditions, the economy sustained its growth trajectory. Real GDP increased by 4.1% during the first quarter of 2024, fuelled by visitor arrivals that surpassed the industry's 2019 peak along with broad-based growth across various sectors. This economic expansion contributed to achieving an external current account surplus and a further strengthening of financial sector's resilience. Moreover, it helped to attain the 2023/24 fiscal year primary surplus target and further reduced the debt-to-GDP ratio.

The Sagicor International Balanced Fund NAV increased to \$2.67 as of June 30, 2024 up 7.2% from \$2.49 as of June 30, 2023, while net assets totalled XCD 251.8 million. The Fund is tilted towards moderate, to low-risk assets such as the fixed income and cash asset classes accounting for 58% and 11% of net assets respectively. To hedge inflation 31% was allocated towards equities.

Relative to December 2023, unitholders' equity increased to XCD 94.4 million up from XCD 92.6 million. Net Investment gains totalled XCD 5.1 million driven by unrealized gains on securities during the first half of the year. This is in comparison to a gain of XCD 3.8 million as of June 30, 2023. Interest and dividend income on debt and equity securities contributed XCD 5.0 million to revenue.

Financial Highlights

The Sagicor International Balanced Fund started in 2001 with net assets of XCD 30 million and consistently grew to reach XCD 238.2 million for the year ended December 31, 2023. The Scheme's net assets recorded a compounded annual growth rate of 9.9% since inception.

At the Fund's inception, the unit value was XCD 1.00. The unit value at the end June of 2024 was XCD 2.67 up from XCD 2.57 at the end of December 2023. This is computed by dividing the total net asset value of the Fund by the total number of units in the Fund.

The Sagicor International Balanced Fund realized an average annualized yield of 4.4% since inception. The Scheme's net value increased every year apart from 2008, 2018 and 2022 when it declined 1.3%, 4.6% and 2.8%, respectively.

These returns were in line with the international financial crisis which negatively impacted equity markets and the Government of Barbados debt restructure which adversely impacted our bond holdings, respectively. In both occurrences the Scheme subsequently rebounded. The 2022 drawdown was attributed to the US federal Reserve Bank increasing interest rates at a blistering pace that led to unprecedented losses in global bonds.

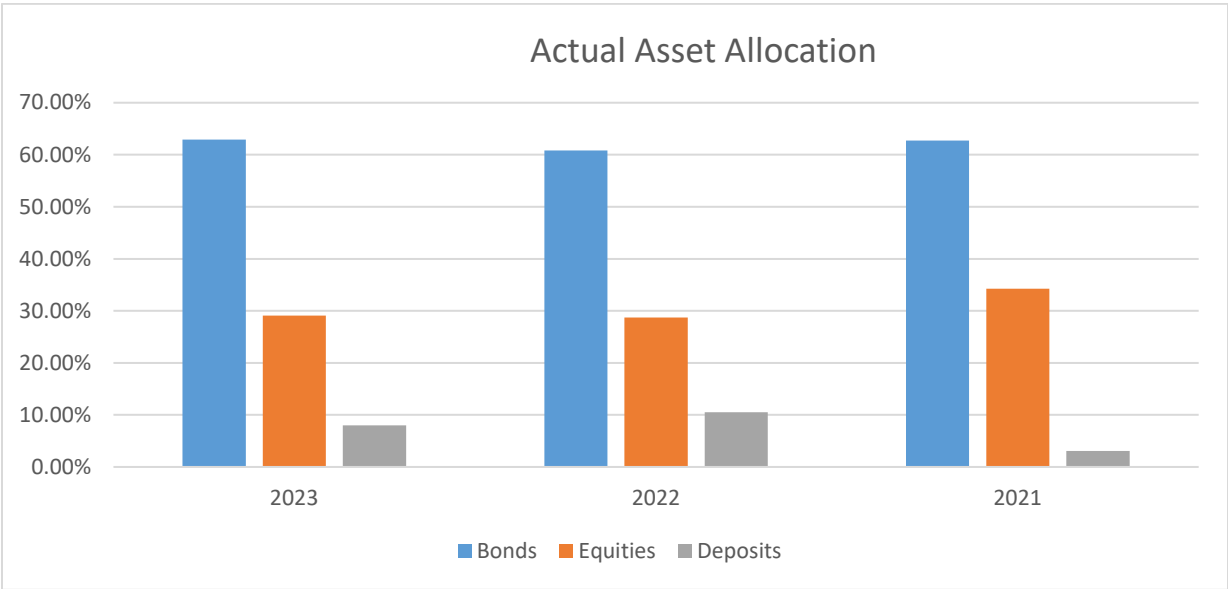
The table below provides key financial highlights from the audited financials for 2023, 2022 and 2021.

	2023	2022	2021
Statement of Income and Expenditure			
Total Investment Income	16,709,080	(4,566,724)	10,566,804
Total Expenses	2,092,223	2,011,335	2,017,383
Net Income before tax	14,616,857	(6,578,059)	8,549,421
Net Income after tax	14,484,404	(6,672,937)	8,473,970
Statement of Assets and Liabilities			
Total Investment	223,855,963	207,041,533	189,875,916
Total Assets	239,867,468	224,011,750	225,307,370
Total Liabilities	1,835,154	772,380	774,970
Unit holders' capital	238,032,314	223,239,370	224,532,400
NAV	2.57	2.42	2.49
Annual Expenses			
Management Fee	1,718,832	1,649,041	1,642,570
Bank and interest charges	10,529	11,935	10,682
Broker fees	362,862	350,359	364,131
Management Expense Ratio	1%	1%	1%

The historical performance of the fund is highlighted below and reflects the annual audited performance up to December 31, 2023.

	Sagicor International Balanced Fund
1 year	6.2%
3 year	2.6%
5 year	4.5%
Since Inception in 2001	4.4%

The fund remained aligned with its strategic balanced mandate. The asset allocation is based on audited financial information for 2023, 2022 and 2021.



	2023	2022	2021
Bonds	62.9%	60.8%	62.7%
Equities	29.1%	28.7%	34.2%
Deposits	8.0%	10.5%	3.1%

SAGICOR INTERNATIONAL BALANCED FUND
STATEMENT OF FINANCIAL POSITION
As of June 30, 2024

UNAUDITED

Amounts expressed in Eastern Caribbean Dollars

	June 2024	December 2023
ASSETS		
Due from Sagicor Life Inc	4,574,147	4,479,498
Due from Sagicor Asset Management Inc	81,000	-
Interest and other receivables	2,174,264	1,631,695
Financial investments	232,541,872	223,855,963
Cash resources	13,961,634	9,900,312
Total assets	253,332,917	239,867,468
LIABILITIES		
Due to Sagicor Asset Management Inc	-	26,715
Due to Sagicor (Bonds) Fund	138,678	449,065
Due to Sagicor (Equity) Fund	469,243	200,507
Accounts payable	888,776	1,158,867
Total liabilities	1,496,697	1,835,154
Net assets attributable to unit holders	251,836,220	238,032,314
Represented by:		
UNIT HOLDERS' EQUITY	251,836,220	238,032,314
No. of units outstanding at end of period/year	94,441,354	92,553,686
Net asset value per unit at end of period/year	\$ 2.67	\$ 2.57
Increase/ (decrease) in net asset value per unit for period/year	3.89%	6.20%

SAGICOR INTERNATIONAL BALANCED FUND
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Period ended June 30, 2024

UNAUDITED

Amounts expressed in Eastern Caribbean Dollars

	June 2024	June 2023
REVENUE		
Interest income	4,059,381	3,282,789
Dividend income	899,202	921,138
Investment income	51,238	83,777
Net investment gains	5,064,932	3,765,471
Credit impairment losses	(1,713)	(15,617)
	<u>10,073,040</u>	<u>8,037,558</u>
EXPENSES		
Management fee	916,360	853,478
Bank and interest charges	8,483	5,276
Broker fees	102,427	173,578
	<u>1,027,270</u>	<u>1,032,332</u>
INCOME BEFORE TAXES	9,045,770	7,005,226
Withholding taxes	(99,743)	(89,651)
NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO UNIT HOLDERS	<u>8,946,027</u>	<u>6,915,575</u>



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