

# INVESTMENT COMMENTARY

Barbados Segregated Pension Funds | March 2021

Investors remained bullish on equities despite pockets of volatility, mostly observed around the prior year surging technology stocks that drove markets to record highs. The diversification trend continued as investors rotated into value in lieu of growth and small-cap in lieu of large-cap; sensing potential gains to market segments most likely to benefit from the \$1.9 trillion US stimulus package combined with the positive outlook for vaccine rollout. As such economically sensitive stocks in cyclical sectors such as energy, financials and industrials drove equity performance in Q1. The S&P 500, Nasdaq Composite, Dow Jones Industrial Average and MSCI World Ex USA Indices returned 6.17%, 2.78%, 8.29% and 3.5% respectively.

Fixed income in most global markets slipped as investors sold off against inflation and interest rate adjustment concerns. The upward rise in US-10 year treasury yield presented considerable food for thought for investors exposed to investment grade instruments which saw a global decline in value YTD, ultimately resulting in investors scouring the market for riskier issues in search of yield and capital preservation.

The Federal Reserve has maintained its stance that accommodative monetary policy will remain in place with primary interest rates unchanged between 0% and 0.25%, dating back to March 2020 at the onset of the pandemic.

Regional indices reported negative returns with the exception of TTSE due to the notable recovery of global energy prices. Regional economies which are primarily tourism dependent continue to lag in economic recovery relative to developed markets. The BSE, TTSE and the JSE returned -5.9%, 1.5% and -0.2% respectively for the quarter ended March 31, 2021.

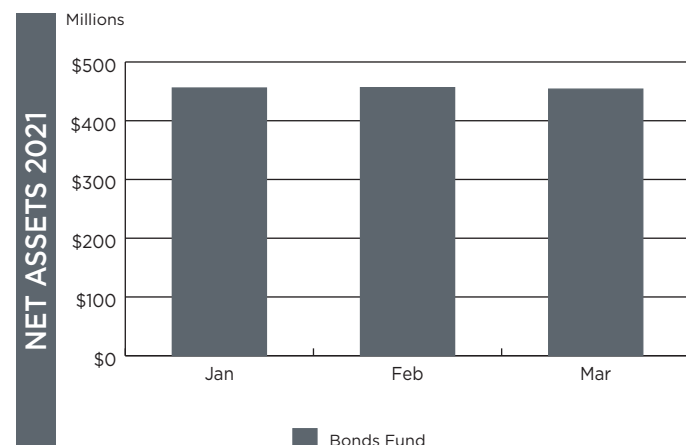
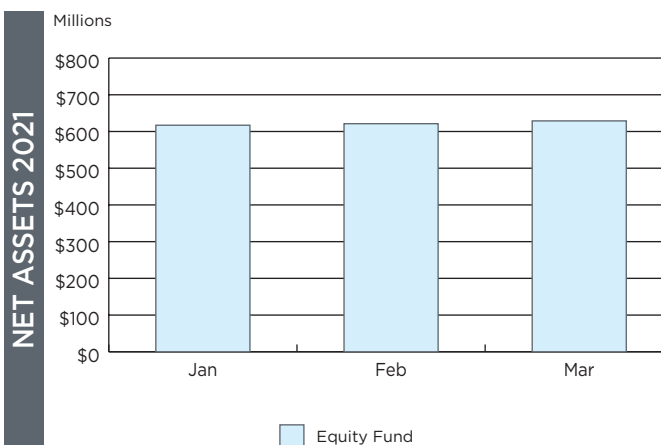
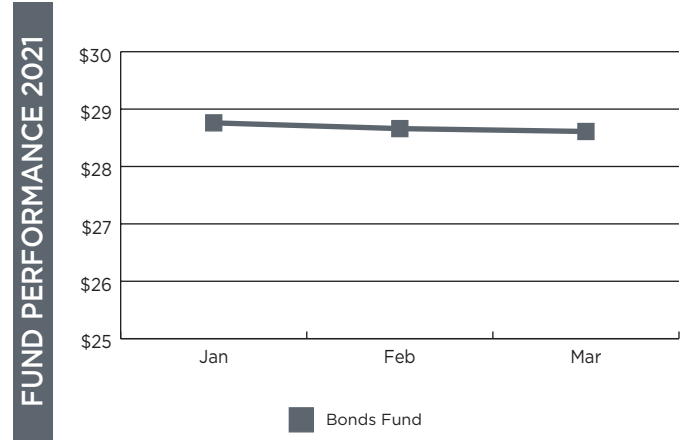
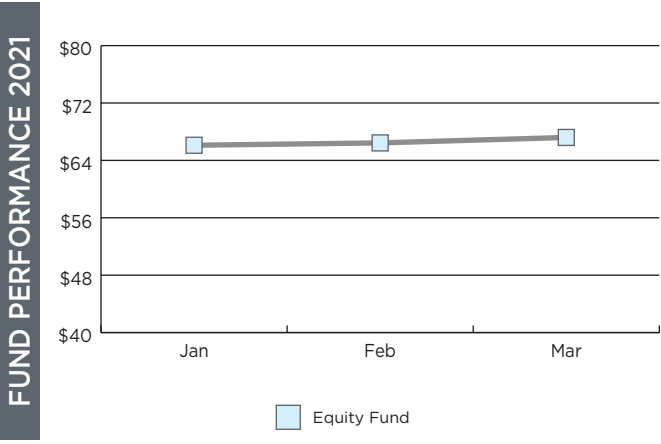
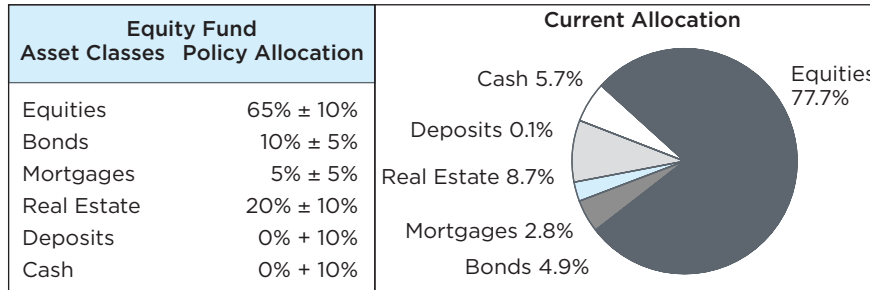
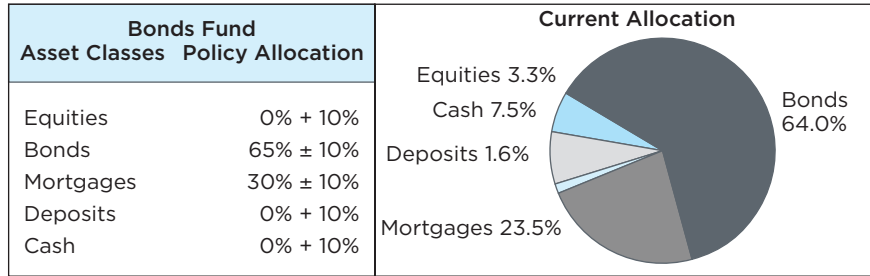
While considering this economic backdrop, The Sagicor (Equity) Fund returned 1.92% for the quarter, as the Net Asset Value of the fund increased to \$67.20 when compared to \$66.44 at December 31st, 2020. The performance was primarily attributable to a sustained performance in the international equity holdings with moderate returns from its mortgage book. Overall, net assets increased by 1.2% to \$628.8 million. The Sagicor (Bonds) Fund returned 0.03% as the global fixed income sell-off weighed predominantly on the fund's performance. We have aimed to reduce some of our exposure to interest rate sensitive high-grade instruments while focusing on low duration as a hedge to current market fluctuations. Net assets decreased by 0.5% to \$453.7 million as at March 31, 2021 as the net asset valued remained relatively unchanged at \$28.61.

During times of uncertainty, volatility or anticipated change, we remind our investors to remember their long-term financial goals to avoid making emotional financial decisions. As your fund manager with a long-term investment objective, we harken back to experiences in our tried and tested times with financial market dislocations and rely on the market fundamentals with a focus on structural and sustained growth for our pension clients. We will continue to keep a keen eye on potential investment opportunities both regionally and internationally as we all aim to recover and develop ourselves from this pandemic.

## FINANCIAL HIGHLIGHTS AS AT MARCH 31, 2021

	EQUITY FUND	BONDS FUND
Financial Investments	\$ 538,071,950.52	\$ 399,858,008.77
Total Assets	\$ 643,075,702.96	\$ 456,935,824.55
Total Liabilities	\$ 14,214,529.49	\$ 3,190,674.50
Net Assets	\$ 628,861,173.47	\$ 453,745,150.05
Net Investment Income/(Loss)	\$ 11,850,828.67	\$ 134,883.53
No. of Units Outstanding as at March 31, 2021	9,391,495.89	15,860,619.00
Net Asset Value per Unit as at March 31, 2021	\$ 67.20	\$ 28.60
Increase/(decrease) in Net Asset Value per Unit for year	1.9%	0.03%

**Policy Asset Allocation**  
Sagicor Barbados Segregated Pensions Fund



INDEX	ASSET CLASS	COUNTRY	JAN 2020 - DEC 2020
BSE	Domestic Equity	Barbados	-5.92%
S&P 500	Global Equity	US	6.17%
Dow Jones	Global Equity	US	8.29%
FTSE 100	Global Equity	UK	3.92%
Nikkei 225	Global Equity	Japan	6.32%
JPMorgan EMBI+	Emerging Market Fixed Income	US	-4.54%

\*as at March 31, 2021