Sagicor
ASSET MANAGEMENT

SAGICOR BARBADOS SEGREGATED PENSION

QUARTERLY NEWSLETTER Q3 | SEPTEMBER 30TH, 2022

MARKET OVERVIEW

Marco-Economic Overview

The challenges facing global financial markets were further pronounced in Q3 as investor sentiment reflected a shift away from risky assets with recession worries a major concern. As a result, equities suffered and posted deeper declines, led by the technology sector; with telecommunications and real estate also being some of the biggest detractors. Aggressive policy tightening by central banks across the globe is driving trading volatility and presents further challenges for corporate bond investors regardless of credit quality and fundamentals.

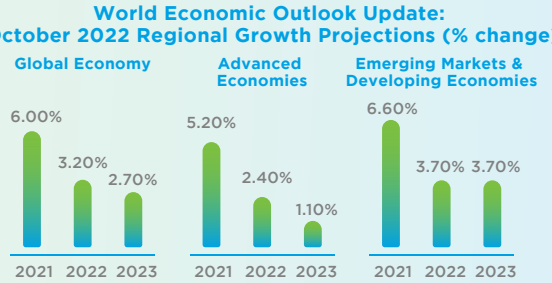
A sharp rate hike cycle, coupled with hawkish commentary to stymie rising inflation, has seen short term US treasury yields climb above 4% and represents a safe haven for risk-off investors. Following September's CPI print, the US Federal Reserve raised interest rates to a range of 3.75% - 4.00% and market participants are now preparing for policy rates to peak above 5% in early to mid-2023 before any rate pauses and/or cuts are considered. Against the backdrop of global inflation, tighter financial economic conditions and the uncertainty stemming from the war in Ukraine, the IMF has cut their global outlook and now estimated growth to reduce to 3.2% in 2022 and further slow to 2.7% in 2023.

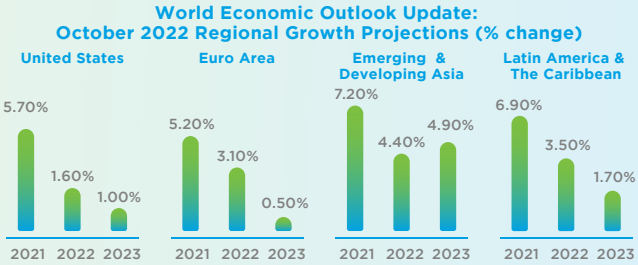
The S&P 500 recorded a 4.9% decline during the third quarter, with a year-to-date drawdown of 23.4% as some mega-cap companies have indicated challenging times are ahead despite robust financial performances. The tech-heavy Nasdaq reported a year-to-date drawdown of 32% as rising rates have resulted in a downbeat earnings growth outlook which typically drive investor's sentiment. From a global standpoint, the MSCI ACWI is down 25.6% while within the Caribbean, most markets have posted negative returns to date as the TTSE and JSE reported YTD declines of 10.3% and 8.7% with BSE the only positive of the three indices, advancing 6.2% YTD.

Outlook

According to the IMF latest World Economic Outlook global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Nonetheless, we support our philosophy of exercising patience when markets are systemically volatile and to preserve capital and manage liquidity while keeping a keen eye on attractive investment opportunities, as some assets are trading at a favourable discount relative to their earnings potential.

Key Indices (Quarterly Returns)	Mar-2022	Jun-2022	Sep-2022	YTD
BSE Index	0.38%	5.99%	5.62%	6.18%
TTSE Composite Index	-2.79%	-5.06%	-3.15%	-10.27%
JSE Index	-1.24%	-1.80%	-6.51%	-8.70%
S&P 500 Index	-4.60%	-16.10%	-4.88%	-23.87%
Dow Jones Index	-4.10%	-10.78%	-6.17%	-19.72%
MSCI All Country World Index	-5.36%	-15.66%	-6.82%	-25.63%





High inflation? Rising interest rates? Chances of a recession? These can all bring unsettling volatility to financial markets. We encourage investors to maintain a long-term perspective in their pension investment journey as our Pension Funds have successfully shown the ability to cope with similar market cycles.

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SAGICOR (EQUITY) FUND

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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, 1969

Fund Manager: Sagicor Asset Management Inc.

Management Fee: 0.75% per annum

Fund Statistics:

Total AUM (in millions) - $607.4 *BDS*

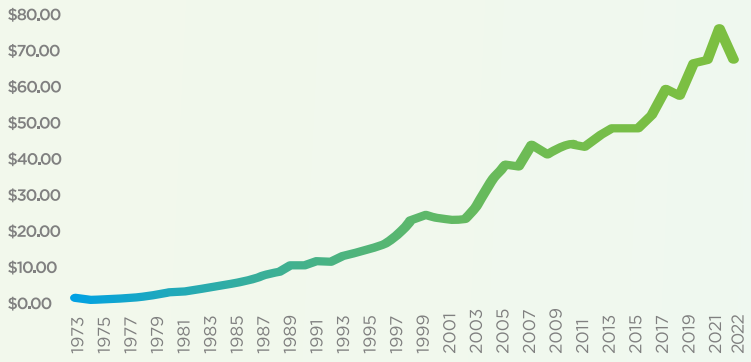
N.A.V - $66.33 *BDS*

Fund Performance (%)

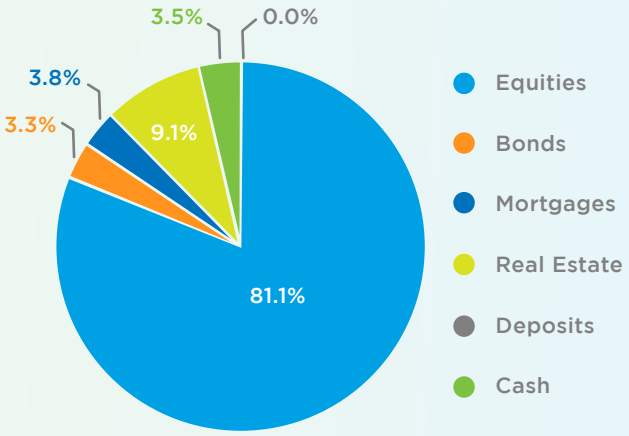
YTD	1-YR	3-YR	5-YR	10-YR
-10.8%	-6.5%	9.8%	8.0%	5.9%

**Average annual calendar year performance*

Fund Inception Return as at September 30th, 2022



Portfolio Asset Allocation



The Sagicor (Equity) Fund reported a decline of 2.54% during Q3 of 2022 and overall year-to-date return of -10.75%. The fund's Asset Value was reported at $66.33 as at September 30, 2022.

During the quarter investor sentiment turned risk off with equities sliding sharply, primarily driven by the hawkish stance of the Federal Reserve towards taming elevated inflation readings. During the period the two resulting 75 bps rate hikes to the Federal Fund's rate added further volatility and uncertainty to markets with more hikes expected into 2023. The Fund carries meaningful exposure to hedged equity with uncorrelated strategies focused on preserving capital as well as execution of option strategies to benefit from volatile movement in stock prices. Moreover, tactical exposure to passive US energy and Brazil commodities have cushioned the impact of market volatility on the Fund's exposure to EM markets, REITs and some US large cap detractors.

The investment team remains cautious on the outlook for equities, especially in the near term as restrictive monetary policy is likely to bring recessionary conditions at some point in 2023 and this could present further headwinds for the asset class. We continue to monitor action by the regulators surrounding the pace of rate hikes as any reversal of policy may likely bring some much-needed relief to financial markets.

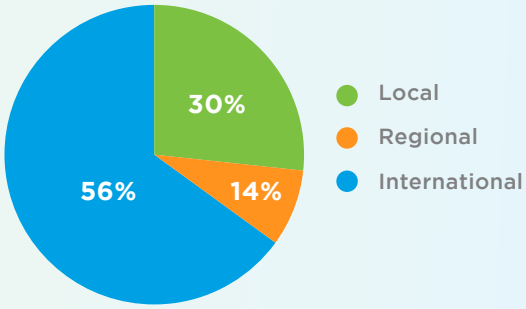
Top 10 Holdings (%)

Goddard Enterprises Ltd	10%
Massy Holdings Ltd	9%
Royal Bank of Canada	5%
First Caribbean International Bank	4%
Neuberger Berman	3%
Morgan Stanley	3%
Franklin Templeton	2%
MFS Meridian	2%
JPM Global Funds	2%
Ninety One Global Franchise Fund	2%
Total of Top 10 Holdings	42%

Sector Analysis of International Holdings

Information Technology	23%
Financials	12%
Consumper Staples	8%
Health Care	13%
Communication Services	5%
Consumer Discretionary	10%
Energy	8%
Industrials	10%
Materials	3%
Real Estate	6%
Utilities	2%
Total International Equity Holdings	100.00%

Geographic Breakdown



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SAGICOR (BONDS) FUND

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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, 1969

Fund Manager: Sagicor Asset Management Inc.

Management Fee: 0.50% per annum

Fund Statistics:

Total AUM (in millions)-$450.04 *BDS*

N.A.V - $28.98 *BDS*

Number of Holdings - 126

Yield to Maturity - 3.75%

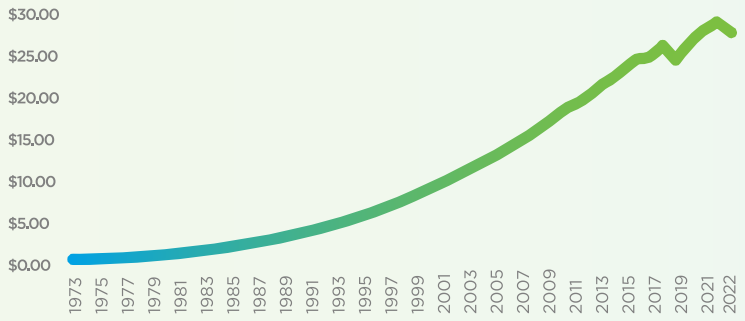
Duration in Years - 3.91

Fund Performance (%)

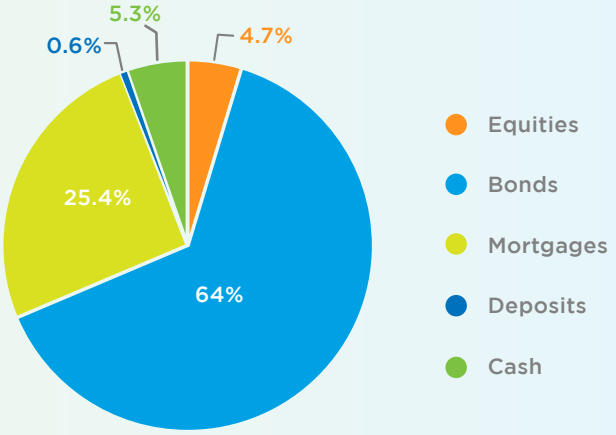
YTD	1-YR	3-YR	5-YR	10-YR
-1.6%	-0.9%	5.7%	3.2%	3.9%

**Average annual calendar year performance*

Fund Inception Return as at September 30th, 2022



Portfolio Asset Allocation



The Bonds Fund recorded a return of 0.22% during Q3 as the fund's cash reserves provided a buffer against sliding bond valuations, especially in the international bond prices. Overall, the fund is down 1.62% at the end of Q3 but remains the strongest performer across the Sagicor Suite of Funds. While exposure to international fixed income remains under pressure, local and regional instruments have shown some resilience and rebound in valuations, ultimately helping offset downward movement of the portfolio's Eurobonds.

Rising rates is a strong headwind to bond valuations and the widening of credit spreads have cautioned investors about the prospects of future economic growth. Short term government yields have increased considerably to attractive ranges (3.5% - 4.5%) and we have been able to put excess cash to work without taking on considerable liquidity risk.

At the end of September 2022, the fund reported a Net Asset Value of $28.98 with total net assets more than $450 million Barbados Dollars.

Top 10 Holdings (%)

Gov't of Barbados Series D 1.5%; 08/31/2053	21%
Gov't Of Bermuda 3.717% Due 01/25/27	9%
Gov't of Trinidad & Tobago 5.875% 05/17/2027	3%
Trinidad Generation Unlimited 5.25% Due 11/04/2027	3%
Gov't of Trinidad & Tobago 4.5% 08/04/26	2%
United States Treasury Bill	2%
Natural Gas Co Trinidad 6.05% 01/15/36	2%
Gov't of Barbados 6.50% 10/01/2029	2%
Gov't of St. Lucia 6.5%	2%
Legg Mason Brandywine Global Income	2%
Total of Top 10 Holdings	49%

Credit Quality (%)

AAA,AA	5.3%
A	14.9%
BBB	32.7%
BB	13.7%
B	31.2%
CCC, CC	1.3%
C	0.1%
D	0.7%

Geographic Breakdown