

A US/China phase one trade truce, optimism for a BREXIT agreement along with positive corporate earnings reports and better than expected economic data quelled recession fears and buoyed equity markets in the fourth quarter. Despite the positive market sentiment, the global picture remained weak with the IMF making a fifth straight cut to its global growth forecast citing a broad deceleration across the world's largest economies as trade tensions undermine the global expansion. Global commodities strengthened on consumer optimism during the quarter. The US Federal Reserve bank cut its lending rate for the third time since July to a range of 1.5% to 1.75% with its chairman reassuring markets the economy was "in a good place".

US equities underpinned by less market uncertainty and an accommodative Federal Reserve Bank rallied during the quarter with the Dow Jones Industrial Average and the S&P 500 Indices returning 6.7% and 9.0% respectively while returns for the year ended December 31, 2019 were 22.3% and 28.9% respectively. Emerging market equities rebounded with the MSCI EM Index returning 11.8% for the quarter and 18.4% for the year. A trade war truce along with a weakening US Dollar positively impacted emerging market equities. Equities globally were buoyed by trade optimism that permeated markets. The Jamaica stock exchange continued its strong performance in 2019 returning 32.0% while the Trinidad and Tobago Stock exchange buoyed by increased energy prices posted a return of 12.7%. The Barbados and Eastern Caribbean indices underperformed returning -7.5%, and -3.3%, respectively.

The Sagicor (Equity) Fund, underpinned by unrealized gains in regional and international holdings advanced

14.6%, while net assets stood at \$622.9 million as at December 27, 2019. The Fund's NAV increased to \$64.66 as at December 27, 2019 up from \$62.72 as at September 30, 2019. The Fund remained predominantly allocated to equities, which accounted for 77% of net assets while domestic real estate represented 9% of net assets.

The yield of the 10-year US Treasury increased from 1.6% at the beginning of October 2019 and ended the fourth quarter at 1.9%. Investor optimism from easing trade tensions reduced demand for safe-haven assets such as bonds which increased their yields and lowered prices.

The Barbados Government agreed on terms for restructuring its US dollar denominated debt that led to a rating upgrade to B- on its external debt. This development was welcomed by local market participants and further highlights the progress made under the IMF program in stabilizing the economy and placing it on a path to growth.

The Sagicor (Bonds) Fund achieved a 2019 return of 8.6%, supported by unrealized gains in US dollar denominated bond holdings during the year. The Fund's NAV increased to \$27.14 as at December 27, 2019 up from \$26.81 as at September 30, 2019, while net assets totaled \$433.6 million. In this protracted low interest rate environment combined with pockets of equity market volatility, regional US dollar denominated bonds offering higher yields and predictability of cashflows should attract investor interest which bodes well for further portfolio value appreciation in 2020.

FINANCIAL HIGHLIGHTS AS AT DECEMBER 27, 2019		
	EQUITY FUND	BONDS FUND
Financial Investments	\$ 553,260,235.94	\$ 386,093,158.72
Total Assets	\$ 679,202,330.57	\$ 479,893,777.00
Total Liabilities	\$ 56,300,688.42	\$ 46,338,643.10
Net Assets	\$ 622,901,642.15	\$ 433,555,133.90
Net Investment Income/Loss	\$ 80,033,892.06	\$ 34,619,715.94
No. of Units Outstanding as at December 27, 2019	9,632,771	15,973,969
Net Asset Value per Unit as at December 27, 2019	\$ 64.66	\$ 27.14
Increase/(decrease) in Net Asset Value per Unit for year	14.6%	8.6%

Policy Asset Allocation
Sagicor Barbados Segregated Pensions Fund

