

The Sagicor International Balanced Fund achieved a 2019 year to date return of 5.3%, underpinned by rallying bond prices and unrealized gains from the equity segment of the Fund during the second quarter. The Fund's NAV increased to \$2.19 as at June 30, 2019 up from \$2.16 as at March 31, 2019, while net assets totaled \$192.8 million. The market expects the US Federal Reserve to cut interest rates in the near term which bodes well for bond and equity valuations within the Fund going forward. Headwinds to performance remain heightened, given the potential for an escalation in the trade war and a no-deal Brexit.

During the second quarter of 2019 investors focused on two things, potential monetary easing by global central banks and the trade/tariff war between the US and China. These factors acted as opposing forces balancing out the financial markets with the dovish tone by major central banks acting as support while the escalating trade war rhetoric limited further asset price gains. During the quarter ended June 30, 2019 the US and China agreed to a cease fire on the trade war at the G-20 summit held in Japan offering some calm to the markets while the US Federal Reserve Bank stood ready to cut interest rates for the first time since the financial crisis. The IMF cut its global growth outlook to the lowest since the financial crisis, citing trade war escalations potentially pushing global economies into recession. Given the geopolitical and economic uncertainty, safe-haven assets such as gold and bonds moved higher while oil entered a bear market during the quarter on concerns that the trade war will stifle global demand. The US Federal Reserve Bank left interest rates unchanged at a range of 2.25%-2.50% in June with expectations of a rate cut likely in July, given muted inflation and weakening economic data.

Against this backdrop, US equities advanced modestly during the quarter with the Dow Jones Industrial Average and the S&P 500 Indices advancing 3.2% and 4.3%, respectively. Emerging market equities underperformed relative to U.S. and international equities. The MSCI EM Index returned 0.6% for the quarter and 10.6% over the year-to-date period. Trade tensions and a strong U.S. Dollar had a larger negative impact on emerging markets than developed markets. Regionally, equity performance was mixed versus their international peers with the Trinidad and Jamaica stock exchanges having solid gains

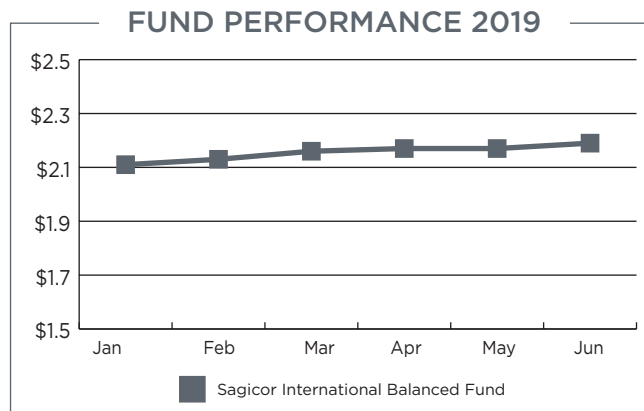
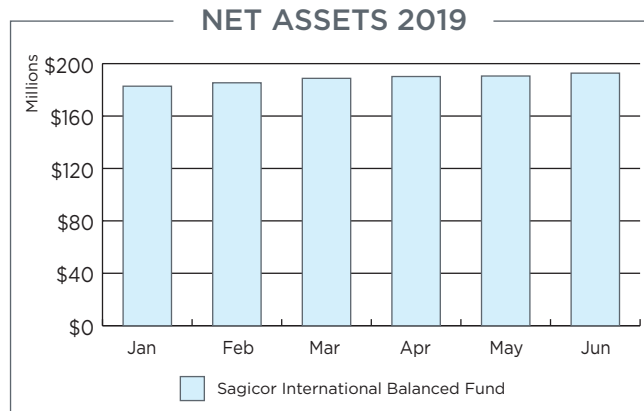
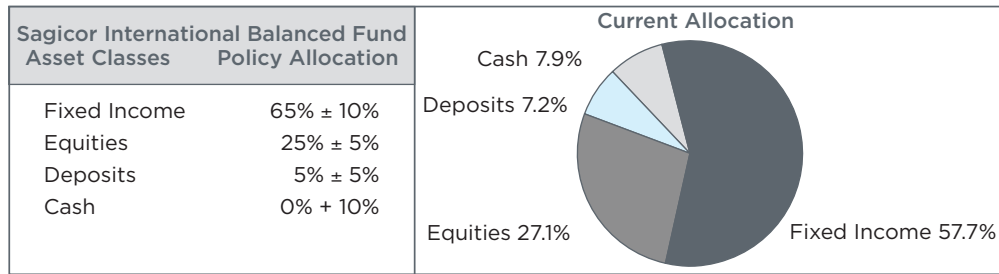
of 5.0% and 20.5% while the Barbados and Eastern Caribbean exchanges returned 0.6% and -0.9%, respectively.

The yield of the 10-year Treasury fell from 2.5% at the beginning of the April 2019 and ended the second quarter at 2.0% as the fixed income market offered a different signal to the equity market. The flight to quality was evident in Treasury prices rallying, which helped the Bloomberg Barclays Aggregate Bond index finish the quarter with a return of 3.1% and a year-to-date return of 5.2%.

Despite the global growth sluggishness, the Eastern Caribbean Central Bank is forecasting the Eastern Caribbean Currency Union GDP growth to be 3.3% in 2019. Led by construction and the extractive industries, such as gold and oil, activity expanding.

Encouragingly, Barbados met the targets set by the IMF in the first review under the Extended Fund Facility. The successful review resulted in IMF Executive board approval to disburse a further US\$48.7 out of the US\$290 million IMF loan committed for the BERT programme. This brought the total disbursement of IMF funds to US\$98 million. In the latest Barbados external creditor's update, the Government of Barbados proposed a second round of haircut proposals to which bondholders seemed reluctant to accept. Negotiations with the committee of external creditors and Government of Barbados are set to continue.

**Policy Asset Allocation**  
Sagcor International Balanced Fund



FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2019	
	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 181,654,474.79
Total Assets	\$ 192,897,285.40
Total Liabilities	\$ 146,982.44
Net Assets	\$ 192,750,302.96
Net Investment Income/(Loss)	\$ 2,271,711.69
No. of Units Outstanding as at June 30, 2019	87,895,426
Net Asset Value per Unit as at June 30, 2019	\$ 2.19
Increase/(decrease) in Net Asset Value per Unit for year	5.26%