

INVESTMENT COMMENTARY

Sagicor International Balanced Fund | June 2021

International equity markets rallied for first half of 2021 as investors assessed the prospects for a global economic recovery and continued central bank support, amid the threat of rising inflation and the spread of the highly infectious delta variant. Economic data from developed markets continue to support the thesis for a robust above-trend economic growth and ample liquidity conditions ultimately drove a rally that has fueled equity values to new highs. Bond markets have stabilized after US Federal Reserve Bank officials reassured market participants that inflationary pressures were transitory and they were in no rush to raise interest rates. Equities most positively impacted by economic growth such as the energy, industrials and financial sectors led major indices higher. The S&P 500, Dow Jones Industrial Average and MSCI All Country World Ex USA Indices returned 8.2%, 4.6% and 7.3% for the second quarter.

Regional indices experienced somewhat of a rebound with TTSE, JSE and the BSE returning 4.4%, 10.7% and 0.3% respectively while the ECSE returned -1.7% for the quarter ended June 30, 2021.

The US Federal Reserve left key interest rates unchanged at a range of 0.0% to 0.25% and commented Inflation has risen, largely reflecting transitory factors. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. The Barclays Global Aggregate bond Index returned -3.2% for the first six months of 2021. The yield on the 10-year US Treasury increased from 0.9% to 1.4% in the first six of the year as fiscal expansion enacted by the Biden administration lifted forecasts for growth and inflation. The US dollar strengthened against a basket of currencies over the same period despite previous forecasts for a weakening of the Greenback. Regional USD\$ denominated market yield curves have widened relative to the benchmark US treasury yield curve and decreased the valuations of those debt securities.

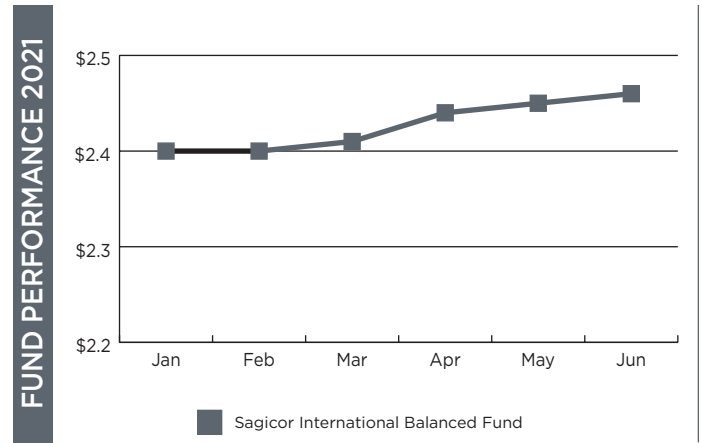
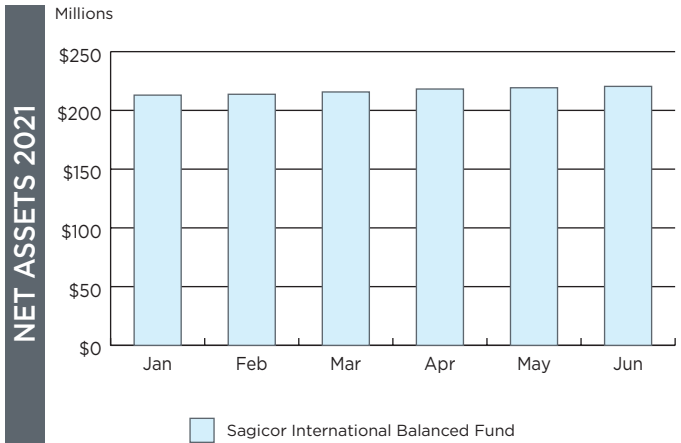
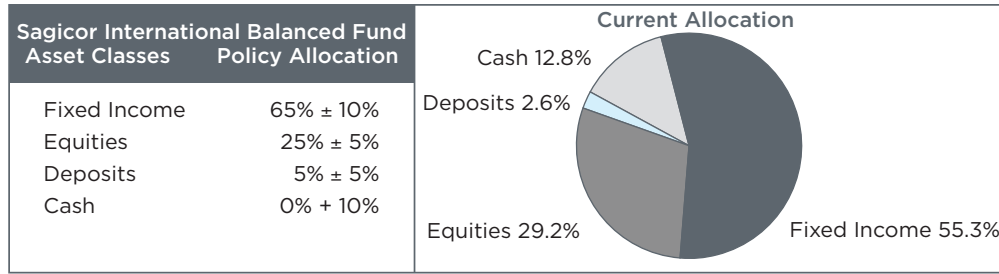
Amid the tenuous backdrop the Sagicor International Balanced Fund returned 2.9% during the first six months of 2021. The Fund's NAV increased to \$2.46 as at June 30, 2021 up from \$2.41 as at March 31, 2021. Net assets increased to \$220.4 million as at June 30, 2021 up from \$215.7 million as at March 31, 2021. The steady gains of the Fund were attributed to our 12% exposure to international equities achieving a return 9.8% for the period. However, given the 55% exposure of the Fund to the fixed income asset class increased investor uncertainty, interest rates and inflation have widened regional bond yield curves negatively impacting bond securities valuations.

After a robust performance from international equities during the first six months, risk assets face challenges from covid-19 variants and the prospects of diminishing central bank monetary policy support amid inflation pressures in the second half of the year. International equities can still trend higher however it will be against the backdrop of heightened equity market volatility in the short term. To mitigate against this the international segment of the portfolio will be tactically balanced to favor countries with adequate vaccine capacity. Parts of the regions' tourism sector have been buoyed by the UK adding Antigua, Grenada and Barbados to its green travel list meaning people can now travel there without having to quarantine on their return. Regional government Debt to GDP ratios are on an upward trajectory through to 2022-2023 increasing credit risk however, regional central bank reserves remain in our view adequate to service external debt commitments limiting the probability of default in the near term. The Fund remains well positioned to achieve its long run average annual return of over 4.5%.

TOP 5 HOLDINGS		
	Holding	Country/Region
1	Government of Barbados Series D Bond	Barbados
2	St Lucia Electricity Services Limited	St. Lucia
3	Government of Bermuda 2027 Bond	Bermuda
4	Commonwealth of Bahamas 2024 Bond	Bahamas
5	Government of Trinidad & Tobago 2026 Bond	Trinidad & Tobago

*as at June 30, 2021

Policy Asset Allocation
Sagicor International Balanced Fund



FINANCIAL HIGHLIGHTS AS AT JUNE 30, 2021	
	SAGICOR INTERNATIONAL BALANCED FUND
Financial Investments	\$ 191,072,694.02
Total Assets	\$ 220,311,496.31
Total Liabilities	\$ (118,465.91)
Net Assets	\$ 220,429,962.22
Net Investment Income/(Loss)	\$ 6,248,326.58
No. of Units Outstanding as at June 30, 2021	89,429,633.00
Net Asset Value per Unit as at June 30, 2021	\$ 2.46
Increase/(decrease) in Net Asset Value per Unit for year	2.9%

INDEX	ASSET CLASS	COUNTRY	JAN 2021 - JUN 2021
ECSE	Domestic Equity	St. Kitts	-2.6%
S&P 500	Global Equity	US	15.3%
Dow Jones	Global Equity	US	13.8%
FTSE 100	Global Equity	UK	10.9%
Nikkei 225	Global Equity	Japan	5.7%
JPMorgan EMBI+	Emerging Market Fixed Income	US	-0.7%

*as at June 30, 2021