



SAGICOR GLOBAL BALANCED FUND
PROSPECTUS 2007



PROSPECTUS – November 22, 2007

SAGICOR GLOBAL BALANCED FUND



Sagicor Funds Incorporated
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Sagicor Funds Incorporated

(The Company)

Issue of an unlimited number
of
Series A and Series AU Balanced Fund Shares
at
the price of the net asset value per Share

SAGICOR GLOBAL BALANCED FUND

A copy of this document has been registered with the Securities Commission of Barbados on November 22, 2007 in accordance with the provisions of the Mutual Funds Act, Cap 320B of the Laws of Barbados, and has also been filed with the Registrar of Corporate Affairs & Intellectual Property of Barbados in accordance with the Companies Act, Cap 308. This document has also been filed with the Securities and Exchange Commission of Trinidad and Tobago. The Securities Commission of Barbados, The Registrar of Corporate Affairs & Intellectual Property of Barbados and the Securities and Exchange Commission of Trinidad and Tobago take no responsibility as to the validity or the veracity of the contents of this prospectus, neither have they commented on the financial soundness of Sagicor Global Balanced Fund nor approved or disapproved the issue of any of the securities herein mentioned.

It is not the current intention of the Company to file a copy of this document or to register any of the securities herein mentioned with any regulatory authority or agency in any country other than Barbados and Trinidad & Tobago. The Company however reserves the right to do so.

No person receiving a copy of this document in any country other than Barbados or Trinidad and Tobago may treat this document as constituting an invitation to him or her to purchase or subscribe for any Shares nor should he or she in any event purchase or subscribe for any Shares unless in the relevant country such an invitation could lawfully be made to him or her without the Company's compliance with any registration or other legal requirements. Any person wishing to subscribe for Shares should satisfy himself or herself that, in doing so, he or she complies with the laws of any relevant country, and that he or she obtains any requisite governmental or other consents and observes any other applicable formalities.

Further, neither this Prospectus nor the Fund's Website nor any other Document shall constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction (i) in which such offer or solicitation is

not authorised, or (ii) in which the person making such offer or solicitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of any person reading this Prospectus or the Website or other related documents to inform him or herself of all applicable legal and regulatory requirements and other consequences that might apply in any relevant jurisdiction, as a consequence of his or her citizenship, residence, or domicile or otherwise.

IMPORTANT

- If you are in any doubt about the contents of this Prospectus you should consult your bank manager, attorney, accountant or other legal or financial adviser.
- The price of Shares is subject to fluctuation. The value of Fund shares can go up as well as down and there is no guarantee that the investment objective of the Fund will be realised. See Investment Policy and Limitations on page 10 and Risk disclosure on page 11 of this Prospectus for further particulars.
- Series AU Shares are available only to persons not resident in Barbados within the meaning of the Exchange Control Act Cap 71 of the Laws of Barbados. Such shares are however not available for purchase by American Citizens and other persons resident or domiciled in the United States of America.

DISCLAIMER

Neither the Securities Commission of Barbados nor The Trinidad & Tobago Securities and Exchange Commission has in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.

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Sagicor Global Balanced Fund

An Issue

by

Sagicor Funds Incorporated

(The Company)

of

An unlimited number of Series A and AU Balanced Fund Shares
At the Subscription Price of The Net Asset Value per share

Sagicor Global Balanced Fund is an open end balanced mutual fund whose objective is to achieve a reasonable return of income and long-term capital appreciation. However, the Fund is not insured by Sagicor Life Inc or by any other authority. Any investment in the Fund is therefore subject to the risk factors highlighted in this Prospectus.

Sagicor Global Balanced Fund is made up of an investment portfolio resulting from the net subscription proceeds of the Fund Shares offered for sale from time to time. The Fund provides a practical route for persons to invest in a mix of domestic, regional and international financial markets and to spread their investment risk while participating in many market segments.

This prospectus introduces you to Sagicor Funds Incorporated formerly The Mutual Funds Incorporated and gives you important information about the Sagicor Global Balanced Fund that you should know before you invest. Please read this Prospectus carefully and keep it handy for future reference.

DEFINITIONS

“Balanced Fund”	Sagicor Global Balanced Fund	“Investment Adviser”	Sagicor Asset Management Inc.
“BDS \$”	The currency of Barbados	“Manager”	Sagicor Asset Management Inc.
“Business Day”	Any day (excluding Saturday and Sunday) on which banks are open for normal business in Barbados	“Redemption Day”	One Business Day immediately preceding a Valuation Day
“By-law No. 2”	By-law No. 2 of the Company, which sets out the parameters within which the Balanced Fund must operate, e.g. investment parameters, valuation parameters, rights and powers of Shareholders of the Fund, etc.	“Series A Shares”	Redeemable Series A Shares in Sagicor Funds Incorporated
“The Company”	Sagicor Funds Incorporated	“Series A U Shares”	Redeemable Series AU Shares in Sagicor Funds Incorporated
“Directors”	The Directors of the Company	“Shareholders” or “Fund Shareholders”	Holders of Series A and Series AU shares of the Company
“Fund”	Unless the context otherwise provides, Sagicor Global Balanced Fund; the net subscription proceeds received from investors in that Fund; the pool of investments purchased from the proceeds of the subscriptions made by Fund Shareholders	“US \$”	The currency of the United States of America
“Fund Shares” or “Shares” or “Balanced Fund Shares”	Unless the context otherwise provide, the series A and AU shares of the Company entitling the holders thereof to an interest in Sagicor Global Balanced Fund	“Valuation Day”	Any Business Day which is a Friday (but between December 22 and January 3 inclusive the Manager may substitute another day of the week as Valuation Day).



PART A YOUR INVESTMENT

PART A YOUR INVESTMENT

KEY INFORMATION

ABOUT MUTUAL FUNDS

A mutual fund is a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The money raised from investors is invested in securities for the investors benefit. The fund is managed by an investment company. Mutual funds are broadly classified into two categories, namely 'open-end' funds and 'closed-end' funds.

An open-end fund is so named because its sponsoring organisation generally stands ready at any time to issue new shares or to redeem existing shares on redemption days at their net asset value. An open-end fund offers investors with moderate means, the diversification, professional management, economy of scale, and, where it might not otherwise exist, the liquidity available only to large investors.

Closed-end funds, so called because, unlike open-end mutual funds, their sponsoring investment companies do not stand ready to issue and redeem shares on a continuous basis, but have a fixed capitalisation represented by publicly traded shares that are listed on stock exchanges.

ABOUT SAGICOR FUNDS INCORPORATED

Sagicor Funds Incorporated is an open-end public company incorporated in Barbados within the meaning of section 32 of the Companies Act that carries on only the business of investing the consideration it receives for the shares it issues, and all of whose issued shares, except the common shares, are redeemable upon the demand of its shareholders.

The Company commenced business on June 2, 1997, under the name of The Mutual Funds Incorporated with a nominal capital issue of 100 Common Shares of no par value, at a subscription price of \$1.00 each, to The Barbados Mutual Life Assurance Society (now Sagicor Life Inc). Subsequent to the date thereof the Company has issued an additional 999,900 common shares to Sagicor Life Inc. for a consideration of BDS \$999,900. The Common Shares have broad voting rights in relation to the appointment and removal of the Directors, and control and management of the Company.

The Company's Articles of Incorporation provide for the issue of an unlimited number of redeemable Shares of no par value in series. Sagicor Global Balanced Fund consists of one class of shares issued in 2 series respectively designated as "Series A Shares" and "Series AU Shares" which are collectively known as "Balanced Fund Shares". All sums subscribed in accordance with this Prospectus will, subject to the terms hereof, be invested for the benefit solely of the holders of those Shares.

The other funds in the family are Sagicor Preferred Income Fund which also consists of a class of shares issued in 2 series namely "Series B Shares" and "Series BU shares collectively known as "Preferred Income Fund Shares" and Sagicor Select Growth Fund which consist of a further class of shares also issued in 2 series namely "Series C Shares" and "Series CU shares" collectively known as "Select Growth Fund Shares".

The Fund Shareholders will have limited voting rights at meetings of the Company but are entitled to vote on any of the matters that are set out hereunder:

- (i) the liquidation of the Fund, or
- (ii) an increase, if any, in the fees and charges charged to the Fund, or
- (iii) any change in the nature or kind of investments in which the Fund may be invested, or modification of the investment objectives, or
- (iv) the removal of the Manager or Investment Manager or Custodian Trustee, or
- (v) the reconstruction of the Company, and/or the amalgamation of the Company and/or the Fund with any other company or mutual fund, or
- (vi) the winding up of the Company, or
- (vii) the amendment of any provision in the Company's Articles appertaining to the Fund and By-law No.2 of the Company.

Subject to the Articles, and By-law No. 2, all the provisions of By-law No.1 in relation to meetings of the holders of common shares of the Company, where the context permits, shall apply mutatis mutandis to all class meetings of Fund Shareholders.

ABOUT SAGICOR GLOBAL BALANCED FUND

Sagicor Global Balanced Fund is an open-end mutual fund of Sagicor Funds Incorporated, a company formed as an "umbrella" for one or more mutual

funds, by Sagicor Life Inc. Its aim is to provide investors with an avenue for investment in local, regional and international markets.

The object of the Fund is to achieve a reasonable return of income and long-term capital appreciation. The Fund is authorised by By-law No. 2 of the Company to invest in equity and debt securities of both quoted and unquoted securities.

For the Global Balanced Fund the Company is authorised to offer investors an unlimited number of redeemable Shares designated as “Series A Shares” and “Series AU Shares” respectively which collectively constitute the Balanced Fund Shares.

Series AU Shares may be quoted in US \$ to any non-resident of Barbados and will be issued only to non-residents of Barbados if paid for in US \$. The US \$ will be treated as converted into BDS \$ at the then par rate of exchange. Series AU Shares will also be redeemed in US \$ to a non-resident of Barbados at the then par rate of exchange of the BDS \$ to the US \$.

Unless and until permitted under the provisions of the Exchange Control Act of Barbados, Series AU Shares may not be purchased by residents of Barbados.

Series A Shares may be purchased by residents of Barbados. Non-residents may also purchase Series A Shares with the permission of the Exchange Control Authority of Barbados.

Although the Fund Shares are not listed on any stock exchange, Fund Shares may be purchased and redeemed at any time through the Manager. Settlement in respect of Series A Shares will be made in Barbados currency and settlement in respect of Series AU Shares will be in US \$ at the then par rate of exchange of the BDS \$ to the US \$.

CALCULATION AND PUBLICATION OF NET ASSET VALUE

The net asset value per Share is calculated weekly at the close of business on Fridays and published in a daily Barbados newspaper and a daily Trinidad and Tobago newspaper.

MINIMUM INVESTMENT AMOUNT

The minimum initial investment in the Fund by Shareholders is BDS \$500.00 in the case of Series A Shares and US \$255.00 in the case of Series AU Shares.

Any additional investment must be for a minimum of BDS \$100.00 for Series A Shares and US \$51.00 for Series AU Shares.

OFFER PRICE

The offer price shall be the net asset value per Share.

CHARGES

The following charges apply to the Fund Shares and to the Fund:

Sales Charge: There shall be a sales charge of 2% payable to the Company of all amounts invested in the Fund by Fund Shareholders. The Directors may however from time to time waive or suspend such sales charge, with or without conditions annexed thereto, for such periods of time as they may determine. The Sales Charge has been waived as at the date of this Prospectus.

Annual Charge: There shall be paid to the Investment Manager an annual charge of 1.75% per annum of the Net Asset Value of the Fund calculated on the midpoint between bid and offer valuation of Fund Assets. The payment shall be made in weekly instalments at the rate of 1/52nd part of 1.75%.

Custodian Fee: There shall be paid to the Custodian Trustee an annual charge not exceeding 0.25% of the Net Asset Value of the Fund calculated on the midpoint between bid and offer valuation of Fund Assets. The payment shall be made in weekly instalments at the rate of 1/52nd part of 0.25%.

Brokerage and Commission: The Directors may from time to time pay brokerage and commission expenses out of the Assets of the Fund for services rendered in connection with the marketing and promotion of the Fund Shares and for the buying and selling of securities for the Fund's portfolio. The fact that a broker is a director or shareholder of the Company shall not disqualify him from receiving such brokerage or commission.

Other Expenses: The Fund shall bear the cost of all other reasonable expenses pertaining to the Fund, including audit, legal, postage and printing and stationery costs.

Increase of Charges: Any increase in the fees and charges stipulated in By-law No. 2 charged to the Fund shall require approval of the Fund's Shareholders.



PART B A LOOK AT OUR INVESTMENT

PART B A LOOK AT OUR INVESTMENT

GOALS, STRATEGIES AND RISK

CREATING AN INVESTMENT PRODUCT

The objective of the Fund is to achieve income and long-term capital appreciation through investment in a diversified portfolio of shares, stocks and bonds listed on the main Caribbean and international stock exchanges.

Sagicor Global Balanced Fund is made up of an investment portfolio resulting from the subscription proceeds of the Fund Shares issued as a result of preceding offers. The Fund provides a practical route for individuals to invest in a mix of domestic, regional and international financial markets.

INVESTMENT POLICY AND LIMITATIONS

The Fund's portfolio consists of shares and other equity securities, fixed and variable income bonds, other bonds, treasury bills, certificates of deposit and notes.

Under the provisions of By-law No. 2 of the Company, the assets of the Fund may be invested in securities locally, regionally and internationally. The Investment Manager normally invests in quoted securities and other securities which are regularly traded on established stock exchanges. However, the Investment Manager may invest up to 10% of the Fund's assets in securities that are not quoted and not regularly traded.

The Fund's assets are accounted for in Barbados dollars. Normally, up to 60% of the Fund's assets may be invested in fixed income instruments. However, the diversification of investments for the Fund, including the allocation between debt and equity, currencies, geographical areas and corporate and governmental issues may be varied by the Investment Manager from time to time in its absolute discretion. The Investment Manager, however, is required by By-law No. 2 to follow an investment policy designed to ensure risk diversification.

In particular, the Investment Manager may not invest more than 15% of the Fund's assets in securities issued by any one company. There is no limitation

however on investments in Government securities denominated in local or regional currencies. In appropriate circumstances, existing positions in the Fund may be hedged against adverse political, fiscal or exchange control risks, market activity or adverse movements in interest rates.

By-law No. 2 permits investment in US Government securities, Investment Grade Corporate Bonds of A (Standard and Poors) or better, and Investment Grade Global Bonds. The Fund may also invest in equity securities of companies domiciled in the United States and in securities denominated in currencies other than US dollars such as in those securities which are issued by multinationals on the Euro Dollar market. Convertible bonds must have a minimum rating of A (Standard and Poors). The average maturity of the debt instruments in the Fund's portfolio may fluctuate depending on the Investment Manager's judgment as to the future direction of interest rates.

RESTRICTION ON INVESTMENT

Under the provisions of By-law No. 2, the Fund's Investment Manager/ Investment Advisers may not enter into any derivative transaction and forward currency transaction for speculative purposes.

The Fund is not restricted from investing in quoted securities issued by Sagicor Financial Corporation but any such investment must be disclosed to Securities Commission within seven business days of the acquisition or sale of any such securities and such investments shall not exceed 5% of the Fund's assets. The investment must also be disclosed in writing to the Trinidad and Tobago Securities and Exchange Commission within seven days of the end of the month in which the investment occurred.

MODIFICATION

Modification of the investment objectives requires approval of the Custodian Trustee and consent by ordinary resolution of the Fund Shareholders.

RESTRICTION ON BORROWING

Under the provisions of By-law No. 2, the Fund may not borrow money except for (a) short term from banks as may be necessary for the clearance of portfolio transactions and (b) borrowing from banks for temporary or emergency purposes, including the meeting of redemption requests, which may require the untimely disposition of its portfolio securities. The Fund may mortgage, pledge or hypothecate the assets to secure such borrowing.

YIELD

While there is no guarantee that the projected yields and investment targets will be met, and assuming an asset mix of 40% equities and 60% fixed income securities, on the basis of what the Company considers to be reasonably achievable, the Company is projecting a total yield on the intended investment portfolio of 10%. The net asset value of a Fund Share as at December 31, 2006 was BDS \$ 2.07. The net asset value of a Fund Share as at the Valuation Day November 16, 2007 being the Valuation Day immediately preceding the date of issue of this Prospectus, was BDS \$2.21. All investments, including mutual funds, involve some level of risk and no investment is suitable for all investors. There can be no assurance that the Investment Manager will achieve the income and capital appreciation objectives of the Fund. The Investment Manager will select securities based on extensive economic and financial research and the Fund's investment objective. However, the portfolio will be subject to fluctuations in capital value from time to time. The value of Fund Shares, and the resulting price of Fund Shares, may go up as well as down. If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

The delivery of this Prospectus shall not under any circumstances whatsoever create any implication that there has been no material change in the affairs of the Fund since the date of this offer – the net asset value of the Fund, and of each Share in the Fund, will fluctuate according to the current value of the investments in the portfolio. To reflect material changes in net asset value, this document may from time to time be updated and prospective purchasers should enquire of the Distributors as to the availability of any later prospectus.

No oral representations made by any sales agent or other person whomsoever in respect of the Fund Shares, and no written representations, other than official updates of the Prospectus, made or issued by any person, shall be binding upon the Company.

RISK

It is the objective of the Fund to achieve maximum positive total returns on the investments of the Fund. However, there is no guarantee that investment objectives of the Fund will always be achieved. The capital value of an investment portfolio can go down as well as up, and any such fluctuation will be reflected in the value of the Fund Shares.

The Investment Manager is required to follow a policy of risk diversification (see under "Investment Policy and Limitations" above) so as to spread risk.

There are restrictions on the Fund's ability to borrow money. (See under "Restriction on Borrowing" above).

While the Investment Manager is restricted from entering into any transaction in derivatives or forward currency transaction for speculative purposes, in appropriate circumstances, however, existing positions in the Fund may be hedged against adverse political, fiscal or exchange control risks, market activity or adverse movements in interest rates.

The Fund is not insured by Sagicor Life Inc or any other authority. Any investment in the Fund is at the sole risk of the investor.



PART C OUR INVITATION

PART C OUR INVITATION

THE OFFER

Sagicor Funds Incorporated invites applications for the purchase of an issue of an unlimited number of Series A and Series AU redeemable Balanced Fund Shares in Sagicor Funds Incorporated, referred to herein as Sagicor Global Balanced Fund at the net asset value per Share calculated at the close of business on the Valuation Day next following the receipt of an application for the purchase of Shares on all amounts invested in the purchase of Shares by investors. The amount representing such net asset value per Share is payable in full on application.

New applications must be for a number of Shares of a minimum subscription value of BDS \$500.00 in the case of Series A Shares and US \$255.00 in the case of Series AU Shares.

All applications are made solely on the basis of the information and representations made and subject to the terms and conditions set out in this Prospectus and in By-law No. 2, and upon the accompanying application form (inserted in the back cover hereof) or on an application form obtainable from Sagicor Funds Incorporated or its agents.

This invitation offer is now open and will remain open, subject to the Company's right to close the offer at any time without notice.

TERMS AND CONDITIONS OF THE OFFER

An application from a person resident outside Barbados to purchase Balanced Fund Shares will, in accordance with the approval of the Exchange Control Authority of Barbados, on receipt of the necessary funds in US \$ (which at the time of receipt thereof shall be treated as converted into BDS \$ at the then par rate of exchange) be processed as if those funds were so converted. The price of such Fund Shares so purchased, or to be purchased, will be quoted to and paid for by any such person in US \$ and the Shares to be issued shall be Series AU Shares.

Unless and until permitted under the provisions of the said Exchange Control Act of Barbados such Series AU Shares may not be purchased by residents of Barbados.

By completing and delivering an application in the form set out in this Prospectus together with payment for the Shares applied for, you

- (a) offer to purchase the number of redeemable Balanced Fund Shares of Sagicor Funds Incorporated which, at the price referred to above, your payment will buy (or such smaller number for which the application is accepted) on the terms of and subject to the conditions set out in this Prospectus and in the accompanying application form and in By-Law No. 2 of the Company;
- (b) authorise the Manager to send a statement for the number of Shares for which your application is accepted and/or a cheque for any money returnable by post at your risk to the address of the person (or the first-named person) named in your application form and to place your name (and the name(s) of any other joint applicants) on the Register of Members of the Fund in respect of the Shares to which you are entitled;
- (c) warrant that your remittance will be honoured on first presentation;
- (d) agree that your application, and acceptance of it, and contracts resulting therefrom, shall be governed and construed in accordance with the Laws of Barbados;
- (e) warrant that, if you sign an application form on behalf of a third party, you have the authority to do so;
- (f) warrant that you are not a citizen of the United States of America or a person resident or domiciled in the United States of America or acquiring the Shares on behalf of any such person;
- (g) agree that any letter of acceptance and any moneys returnable may be held pending clearance of your remittance;
- (h) agree that, in respect of those Shares for which your application has been received and is not rejected, acceptance of your application shall be made by notification by post by the Manager;

- (i) confirm that, in making your application, you are not relying on any information or representation in relation to this offer other than such as may be contained in this Prospectus and accordingly agree that neither the Company nor any of its Directors agents or servants or any person responsible for this Prospectus or any part of it or otherwise named herein shall have any liability for any information other than such as is contained in this Prospectus;
- (j) agree, save where the context otherwise requires, that terms used in the application form or in any correspondence in relation thereto, are as defined in this Prospectus,
- (k) confirm that you have read the Prospectus pertaining to the Shares for which application is made.

FEES AND EXPENSES

ANNUAL CHARGE

The Investment Manager is paid a fee calculated on the net asset value of the Fund. This fee is equivalent to 1.75% per annum of the net asset value of the Fund.

SALES CHARGE

There is a sales charge of 2% of all amounts invested in the purchase of Fund Shares by investors. The Directors may however from time to time waive or suspend such sales charges for a limited period during any special promotion or marketing of Fund Shares. The Sales Charge is currently being waived but may be re-instituted at any time at the discretion of the Directors.

CUSTODIAN TRUSTEE

Annual fees payable to the Custodian Trustee amount to one quarter of 1 per cent (0.25%) per annum of the net asset value of the Fund.

OTHER EXPENSES

The Fund bears the cost of other expenses of the Fund, including administration, audit, legal, printing and stationery costs.

DIVIDEND POLICY

The net income of the Fund, and all capital gains, is not distributed but is reinvested to increase the net asset value of the Fund, and therefore of each of the Fund Shares. Accordingly, any income available for dividends will be reinvested.

SHAREHOLDER TAXATION AND INVESTMENT INCENTIVES

Tax Incentives for Investors Subject to Income Tax in Barbados

In accordance with the provisions of the Income Tax Act, individuals resident in Barbados may claim an annual deduction in respect of investments made in authorised mutual funds licensed under the Mutual Funds Act, Cap 320B. The maximum annual amount which may be deducted from income is BDS \$ 10,000.00. Disposal of any such investments within five years will give rise to recapture of the tax relief given. In addition individuals resident in Barbados, whose employers do not offer them shares in lieu of bonus, may claim as a deduction the lower of 75% of their annual bonus or \$7,500, if such a bonus is invested in a mutual fund within four months from the date on which the annual bonus payment was made.

CAPITAL GAINS TAX

There is no capital gains tax in Barbados and therefore capital gains earned by the Fund will not be subject to tax.

DIVIDENDS

Dividends received by the Fund from other resident companies registered in Barbados are not subject to the final 12.5% withholding tax on dividends. For countries in the Caribbean Community (Caricom) which have signed the Caricom Double Taxation Agreement, investment income originating from those countries is taxed at zero percent. The countries which have so far signed this agreement include Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts & Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad & Tobago.

PROPERTY TRANSFER TAX AND STAMP DUTY

In accordance with section 55 of the Mutual Funds Act, Cap 320B of the Laws of Barbados, the Fund is exempt from all provisions of the Stamp Duty Act and the Property Transfer Tax Act with respect to transactions concerning the acquisition or transfer of Fund shares.

TAXATION OF SHAREHOLDERS

Notwithstanding the distribution policy of the Fund, should the Fund be required or advised to pay any dividends to Fund shareholders, such dividends paid by the Fund to individual shareholders resident in Barbados will be subject to a final withholding tax of 12.5%. Companies resident in Barbados are not subject to tax on dividends received from the Fund.

TAXATION OF THE FUND - CORPORATION TAX

The Fund is licensed as a mutual fund under the Mutual Funds Acts, Cap 320B of the Laws of Barbados. In calculating the assessable income of the Fund for tax purposes, the Income Tax Act of Barbados provides for a deduction of up to 100% of the income that is designated to be income of the Fund shareholders. All of the profits of the Fund are designated to be the profits of the Fund's Class "A" and "AU" shareholders and consequently we have been advised that the Fund will not be subject to Corporation tax on such profits.



PART D OUR SHAREHOLDERS MANUAL

PART D OUR SHAREHOLDERS MANUAL

HOW TO BUY SHARES

To make your initial investment you must open an account with Sagicor Funds Incorporated – “Sagicor Global Balanced Fund” by purchasing shares either direct from the Company or through any recognised dealer or broker who is a member of the Barbados Stock Exchange.

Your initial investment must be for a minimum of BDS \$500 (US \$255).

There are four convenient ways for you to continue to invest in the Fund after you have made your initial investment.

- **Lump Sum Purchases**

You may continue to add to your investment whenever you have the available funds for investment. (Minimum BDS \$100 (US \$51)

- **Monthly Savings Plan**

You may increase your investment by using the monthly savings plan. Just complete our direct Debit Form and return it to us. We will then arrange to have your bank account debited by the 10th day of each month and purchase on your behalf an equivalent amount of Fund Shares based on the value of the Fund at the immediately next valuation date.

- **Securities Exchange Plan**

If you are a shareholder in one or more public companies or the holder of debt securities such as Bonds and Debentures, in each case listed on a recognised Securities Exchange or Stock Market, you may transfer your shares or debt securities to the Company at the discretion of the fund Manager in exchange for an equivalent value of Fund Shares based on the current market value of the shares and securities transferred net of any brokerage and Stock Exchange transaction costs.

- **Dividend Interest Investment Plan**

If you are a Shareholder in a public company or the holder of debt securities and are usually in receipt of Dividends or interest of at least BDS \$100 per company/security, you can complete a dividend and interest mandated form and have such dividends or interest paid direct to the Company in exchange for an equivalent value of Fund Shares based on the value of the Fund at the immediately next valuation date after receipt by the Company of the mandated dividend or interest payment.

PROCEDURE FOR APPLICATION

1. If you wish to subscribe for Shares, you should complete and send in an application form provided herein. If you apply for Shares on more than one application form, the price of Shares in respect of each application will depend on the date on which you apply; and all Shares in the same name(s) will be aggregated in the Register of Members.
2. Joint applications are acceptable.
3. All cheques or banker’s drafts MUST be made payable to, and will be presented for payment in favour of, “**Sagicor Funds Incorporated - SGBF a/c**” or **Sagicor Global Balanced Fund**.
4. Applications MUST be made on the required application forms, and they should be forwarded to any of the following locations:–
 - (a) **Sagicor Asset Management Inc.**, Sagicor Corporate Centre, Wildey, St. Michael, Barbados
 - (b) **Sagicor Life Inc.** at any of the following locations:
 - Sagicor Corporate Centre, Wildey, St. Michael, Barbados
 - Sagicor Financial Centre, Lower Collymore Rock , St Michael, Barbados

- Barbados Branch, 1st Avenue, Belleville, St. Michael, Barbados
- Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad
- The Sagicor Building, De Verteuil and Penco Streets, Chaguanas, Trinidad
- Independence Avenue, San Fernando, Trinidad

(c) **Butterfield Bank (Barbados) Limited** at any of the following locations:

- The Mutual Building, Lower Broad Street, Bridgetown, Barbados
- Sagicor Financial Centre, Lower Collymore Rock, St. Michael, Barbados
- JB's Supermarket, Sargeants Village, Christ Church, Barbados
- Big B Supermarket, Worthing, Christ Church, Barbados

- Applications must be accompanied by remittance for the total amount payable on application. Each application must be accompanied by a separate remittance.
- All cheques are liable to be presented for payment on receipt, and Sagicor Funds Incorporated reserves the right to accept or reject in whole or in part any application.
- Subscriptions from residents of Barbados within the meaning of the Exchange Control Act of Barbados Chapter 71 of the Laws of Barbados for Balanced Fund Shares must be in BDS \$. The minimum initial subscription by any one applicant will be BDS \$500.00.
- Subscriptions from non residents of Barbados within the meaning of the said Exchange Control Act must be in US \$. Any such payments made in US \$ will be treated as converted into BDS \$ at the then par rate of exchange and the purchase order or application will be processed as if those funds are so converted. The price of such Series AU Shares so purchased, or to be purchased, may be quoted in US \$. The minimum initial subscription by any one applicant will be US \$255.00.

HOW TO SELL OR REDEEM YOUR SHARES

A Fund Shareholder may cash in or redeem any or all of the Fund Shares owned by such Shareholder in accordance with the Redemption Policy of the Fund.

Fund Shares will be redeemed at their net asset value as determined at the Valuation Date next following the day on which the Fund receives the Shareholder's Redemption Order minus any applicable fees and charges payable by the Shareholder pursuant to the provisions set out on page 19. Where however, the Fund Shareholder had paid an initial sales charge on monies invested into the Fund, no fees or charges are payable on the redemption of the shares so purchased.

Requests for redemption which are received by 3:00 p.m. on a Redemption Day will be processed on that day, and requests for redemption which are received after 3:00 p.m. on a Redemption Day will be processed on the next Redemption Day.

The Shareholder may be asked by the Company to provide such reasonable documentation as the Fund Manager(s) may require in completing the redemption request. Provided the Fund Shareholder has delivered all the required documents to the Company, payment will be made in accordance with written instructions within four business days of the relevant valuation date.

In order to redeem Fund Shares, Fund Shareholders must notify the Manager by lodging a redemption form by 3:00 p.m. on a Redemption Day at any of the following offices:

The Manager, Sagicor Asset Management Inc., Sagicor Financial Centre, Collymore Rock, St. Michael, Barbados

The Manager, Sagicor Asset Management Inc., Sagicor Corporate Centre, Wildey, St. Michael, Barbados

The Manager, Sagicor Life Inc., Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad

Or any branch of Butterfield Bank (Barbados) Limited.

REDEMPTION

The Fund Shares are not listed on any Stock Exchange but Fund Shares may be purchased and redeemed through the Manager.

Fund shareholders may therefore request redemption of all or part of their Fund Shares on any Redemption Day, normally Thursday, (such being a business day) immediately preceding a Valuation Day. The Valuation Day for the Fund will be the Friday of each week.

TRANSACTION POLICIES

EXCHANGE CONTROL

Barbados has a regime of exchange control administered by the Central Bank of Barbados. The regulations require that residents convert foreign currency receipts to Barbados Dollars and purchase their foreign currency requirements for goods and services from the commercial banks which have delegated authority to sell foreign exchange on behalf of the Central Bank. Since 1975, Barbados has maintained a fixed exchange rate of approximately BDS \$2.00 to US \$1.00.

In the case of non-residents who desire to purchase shares in Barbados corporations, prior approval of the Central Bank is required. Similar requirements exist for residents of Barbados investing abroad or borrowing in foreign currency. In order to facilitate the trading of Fund Shares, the Central Bank has granted the Fund an exemption from exchange control approval regarding the purchase and redemption of its Shares. Under the Exchange Control regulations for cross border trading, the Fund will also be able to purchase and sell securities within the policy guidelines of the regulations without prior approval from the Central Bank.

Unless and until permitted under the provisions of the Exchange Control Act of Barbados Series AU shares to be paid for and redeemed in US \$ may not be purchased by residents of Barbados.

As an Authorised Mutual Fund, the Fund will be able to make investments, of an amount equal to all foreign currency raised through the issuance of shares, in assets outside of Barbados. The Fund can also apply to the Central Bank for permission to invest additional sums outside of the Caribbean.

DECLARATION ON PURCHASE OF SHARES

In keeping with the provisions of the Money Laundering and Financing of Terrorism (Prevention and Control) Act of Barbados and guidelines issued thereunder, the Company may request an applicant to complete and file a Declaration of Source of Funds in respect of investments made into the Fund.

REDEMPTION OF SHARES

On a redemption of Series AU Shares, if the Shares so to be redeemed were purchased with US \$ by a person resident outside Barbados, remittance of the redemption proceeds will be made to that person (if not then resident in Barbados) in US \$, converted at the then par exchange rate of the BDS \$ with the US \$. The redemption price will be quoted in US \$ to any such person redeeming or intending to redeem such Shares.

Funds Shares are redeemed at the net asset value per Share less the relevant redemption charge (if any) and less taxes (if any) levied thereon as at the relevant Valuation Day. Remittance of redemption proceeds will be made within ten (10) Business Days following each Valuation Day. Where redemption is deemed by the Manager and the Custodian Trustee to be impracticable, the Manager may, subject to any regulatory requirements, suspend redemptions.

The Manager shall send to each Fund Shareholder who has submitted a duly completed redemption form a statement with the redemption proceeds detailing:

- The number of Fund Shares redeemed;
- The redemption price of such Fund Shares;
- The redemption charge or other charges, if any, in respect of such Fund Shares;
- The redemption settlement date.

In the event of unusual circumstances, if the Fund receives redemption requests within any 30 consecutive days, representing more than 50% of the Fund's then assets, the Manager (with the consent of the Custodian Trustee) reserves the right, subject to the approval of the Securities Commission, to limit the then latest and all subsequent redemptions to 20% of the Shares held by each Fund Shareholder and to hold a special meeting of all Fund Shareholders to consider the liquidation of the Fund's assets.

Payment will be made in the name of the registered Fund Shareholder or in the case of joint holders to the first named holder, unless alternative payment instructions are provided on the redemption form or by written signed instructions from the relevant Shareholders.

INVOLUNTARY REDEMPTIONS

If the Custodian Trustee or the Manager is made aware that Fund Shares are being held by non-eligible investors, or held by any person in breach of the law or for any other reason which the Custodian Trustee or the Manager believes in its sole discretion could impact negatively on the integrity of the Fund, then the Manager (with the consent of the Custodian Trustee) may, subject to the provisions of any regulatory requirements, compulsorily redeem such Shares in accordance with the provisions of By-Law No. 2.

To relieve the Fund of the cost of maintaining uneconomical accounts, the Manager may redeem the Fund Shares of any Fund Shareholder at the redemption price where the Fund Shares of that Shareholder (due to Shareholder redemption or otherwise) have a redemption value of less than BDS \$200.00 or US \$102.00. At least 60 days prior to such involuntary redemption, the Manager will mail a notice to the Fund Shareholder so that the Shareholder may, should he or she so desire, make an additional purchase to avoid the redemption.

VALUATION OF SHARES

The net asset value of Fund Shares is determined by dividing the net asset value of the total Fund by the number of Fund Shares issued and outstanding.

The issued price is calculated as the net asset value of Fund Shares as at the Valuation Day next after receipt of an application plus, any applicable sales charge.

The redemption price of Fund Shares is calculated as the net asset value of Fund Shares as at the Valuation Day next after receipt of a redemption request, less the relevant redemption charge (if any) and where applicable less any taxes (if any) levied thereon as at the relevant valuation date. (As at the date of this Prospectus there are no taxes payable on the redemption of Fund Shares).

PUBLICATION OF PRICES

The subscription and redemption price of the Fund Shares will be published weekly as part of the trading summary issued by the Barbados Stock Exchange and in a daily Trinidad and Tobago newspaper.

SHARE TRANSFERS

Fund Shares may be transferred by a written instrument of transfer signed by the transferor and naming the transferee. Where the form of share certificate is in the format of a statement of account issued by the Company, the transferor may lodge the instrument of transfer with the Registrar & Transfer Agent for certification before presentation to the transferee and the manager for registration.

Any certification given by the Registrar & Transfer Agent on a transfer shall be valid for not more than 28 days from the date of such certification. When a certification of a transfer has been given in respect of a transfer, the Company and/or the Registrar & Transfer Agent shall be entitled to place a block against the respective Fund Shareholder's account and decline acceptance of a transfer to any other transferee, or of any redemption form, lodge or made in respect of those Shares during the period of 28 days from the date on which a certification of transfer was given.

FUND MANAGER'S DISCRETIONARY AUTHORITY

The Manager may in its discretion reject any application to purchase shares. Such decision must however be made within five days after receipt of the application. If an application is rejected, all money received with the application will be returned through the post at the risk of the applicant.

The Manager reserves the right to purchase any Shares tendered for redemption in the underlying Fund and to allocate some or all of those Shares for subscriptions and/or redemptions at the Fund's NAV in an effort to manage the timing of cash flows in and out to the Fund. Where this methodology is used the Manager must send a report of the transactions to the Securities Commission.

In order to protect existing shareholders in the Fund, the Manager reserves the right, subject to the provisions of any regulatory authority, to restrict

new investment into the Fund from time to time until such time as new potential investments become available or existing Shareholders redeem their Shares. In such cases, the Manager will accept subscriptions from potential investors on a first come first served basis, in the exact order in which they are received.

SUSPENSION AND VALUATION

In extenuating circumstances, the Manager (with the consent of the Custodian Trustee) may, subject to any regulatory requirements, at any time for periods not exceeding 3 months suspend calculating the net asset value of the Fund and of the Fund Shares if it is of the opinion that there is good and sufficient reason to do so having regard to the interests of the Shareholders.

No Fund Shares shall be issued, repurchased or sold by the Manager during any period in which the calculation of the net asset value of the Fund Shares is suspended.

ACCOUNTING PERIOD AND SHAREHOLDERS STATEMENTS

The financial year end of the Fund is 31st December. Statements showing the number of Shares held and the net asset value per share will be mailed to Fund Shareholders twice annually. The issue of a new statement will constitute the replacement and cancellation of any prior statements issued in the name of a Shareholder.

SIGNATURE GUARANTEES

A signature guarantee is designed to protect shareholders and the Fund against fraudulent transactions by unauthorised persons. Transactions for which a signature guarantee may be required include, but are not limited to:

- request that redemption proceeds be sent to a different name or address than is registered on an account;
- establishing a bank account with no owners in common with your Sagicor Funds account or when all joint account owners are not also the bank account owners;
- transferring the ownership of an account to another individual or organisation;

- adding or changing a name or adding or removing an owner on an account;
- adding or changing the beneficiary on an account.

A signature guarantee may be obtained from any eligible guarantor acceptable to the Fund. These would normally include banks, credit unions, insurance companies, and brokerage firms. A declaration signed before a notary public or witnessed by a justice of the peace is not acceptable for this purpose.



PART E FINANCIAL PERFORMANCE

PART E FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS			
	2006	2005	2004
Total Assets (BDS\$)	78,746,561	82,140,346	75,602,371
Total Income (BDS\$)	1,438,025	6,638,677	11,838,533
Net Income/(Loss) (BDS\$)	(296,258)	4,871,137	10,278,950

2006 FINANCIAL REVIEW

The expansion of the global economy continued in 2006 and this was positively reflected in international capital markets. During the year increases in oil prices and related inflation concerns accounted for volatile conditions however investor sentiment triumphed with the markets experiencing a strong year-end rally. The performance was supported by sound corporate earnings and consolidation in the major industrial sectors. The Morgan Stanley Capital International (MSCI) World Index returned 13.9% in 2006 as compared with 10.0% the previous year. The MSCI Emerging Market Index performed well in 2006, advancing by 13.8%, but fell short of the exceptional 34.5% return recorded in 2005. Increased investor confidence was supported by the containment of inflationary pressures and increase global liquidity.

Regional equity markets experienced a protracted decline as evidenced by a continuation of negative returns in 2006. The Barbados Stock Exchange decline by 6.8% as mild losses incurred in the first half of the year transformed into significant losses by year end. There was little price support for shares, and even those of companies registering good performance were hampered by general illiquidity in the market. Local market capitalization fell to \$9.9 billion. The total shares traded in 2006 was 643.4 million. However, of these shares, 629.9 million were a result of block trading and not regular market trading. The actual volume of securities traded on the regular market declined significantly by 68.6% to 13.5 million shares.

The Trinidad stock index fell 9.9% in 2006. This sharp decline was due to faltering investor confidence, poor returns of the major companies on the index, and high inflationary environment. The market volume on the index

was 219,037,251 and the manufacturing sector was the leading sector for the year. The Jamaica index fell 3.7% in 2006 as compared to a fall of 7.2% in 2005. The market experienced sell offs during much of the year before a strong recovery in the fourth quarter lent some support to the market. The leading sectors were manufacturing and conglomerates and the worst performing communications and trading.

US indices performed admirably during 2006. The markets staged a strong recovery following a lacklustre performance in 2005. The Dow Jones Industrial Average and the S&P 500 rose 16.3% and 13.6% respectively, while the NASDAQ Index rose a more modest 9.5%. The international indices also registered strong growth during the year. The London based FTSE produced returns of 12.3% whilst the DAX in Germany increased by 27.9%. In Asia, the Japanese Nikkei increased 7.3% whilst the Hong Kong Hang Seng index rose 33.1% for the year.

The Sagicor Global Balanced Fund maintained its bias towards equity securities. 70.9% of the fund was invested in equity securities and 27.2% in fixed income securities. The net asset value of the Fund was \$2.07 as at December 31, 2006. The Fund registered a moderate loss of 0.3% for the year as compared to a gain of 6.4% for 2005. The geographical allocation for the Fund was 42.6% local securities and 32.1% international securities. Regional securities accounted for 25.3% of net assets. The net assets of the Sagicor Global Balanced Fund amounted to \$77.2 million at December 31, 2006, a decrease of 4.6% as compared to 2005. There was a net decrease in net assets attributable to fund shareholders of \$296,258 in 2006 as compared to a net increase of \$4.9 million in the previous year. Realized gains for the Fund totalled \$3.5 million for the year.

INDEPENDENT AUDITORS' REPORT

**To the Shareholder of
Sagicor Funds Incorporated**

We have audited the accompanying financial statements of **Sagicor Funds Incorporated** as of December 31, 2006, the statement of income, statement of changes in net assets attributable to fund shareholders, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Sagicor Funds Incorporated is the umbrella organization which comprises Sagicor Global Balanced Fund, Sagicor Preferred Income Fund and Sagicor Select Growth Fund as more fully disclosed in Note 1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Antigua	Charles W. A. Walwyn	Robert J. Wilkinson				
Barbados	J. Andrew Marryshow	Philip St. E. Atkinson	R. Michael Bynoe	Ashley R. Clarke	Gloria R. Eduardo	Marcus A. Hatch
	Stephen A. Jardine	Lindell E. Nurse	Brian D. Robinson	Christopher S. Sambrano	Ann M. Wallace-Elcock	Michelle J. White-Ying
Grenada	Philip St. E. Atkinson (resident in Barbados)					
St. Kitts & Nevis	Jefferson E. Hunte					
St. Lucia	Anthony D. Atkinson	Richard N. C. Peterkin				



Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Sagicor Funds Incorporated** as of December 31, 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers".

Chartered Accountants
August 31, 2007
Bridgetown, Barbados

SAGICOR FUNDS INCORPORATED

BALANCE SHEET

AS OF DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
ASSETS			
Due from related parties	5	\$ 284,477	\$ 1,264,103
Due from parent company	5	1,234,168	1,791,439
Accounts receivable	6	147,263	21,084
Financial investments	7	118,261,777	111,973,536
Cash resources	8	7,460,637	7,869,623
Total assets		127,388,322	122,919,785
LIABILITIES			
Due to related parties	5	1,930,179	1,093,224
Accounts payable	9	667,958	136,176
Total liabilities (excluding net assets attributable to fund shareholders)		2,598,137	1,229,400
Net assets attributable to fund shareholders	10	123,717,494	120,659,059
Total liabilities		126,315,631	121,888,459
EQUITY			
Share capital	11	1,000,000	1,000,000
Retained earnings		72,691	31,326
Total equity		1,072,691	1,031,326
Total liabilities and equity		\$ 127,388,322	\$ 122,919,785

Approved on August 31, 2007



Chairman



Director

SAGICOR FUNDS INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006		2005	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	76,353,781	120,659,059	60,769,002	97,013,045
Proceeds from issue of shares	11,099,597	13,212,574	17,934,673	21,533,473
Redemption of shares	(6,149,597)	(9,700,231)	(2,349,894)	(4,310,370)
Net increase from share transactions	4,950,000	3,512,343	15,584,779	17,223,103
(Decrease)/increase in net assets attributable to fund shareholders from operations		(453,908)		6,422,911
Net assets attributable to fund shareholders at December 31	81,303,781	123,717,494	76,353,781	120,659,059

SAGICOR FUNDS INCORPORATED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Share Capital \$	Retained earnings \$	Total \$
Balance at December 31, 2004	1,000,000	-	1,000,000
Net income for the year	-	31,326	31,326
Balance at December 31, 2005	1,000,000	31,326	1,031,326
Net income for the year	-	41,365	41,365
Balance at December 31, 2006	1,000,000	72,691	1,072,691

SAGICOR FUNDS INCORPORATED

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
REVENUE			
Interest income	12	\$ 3,038,749	\$ 2,114,385
Dividend income		1,681,799	1,326,505
Net gains on financial investments	13	(1,782,096)	5,620,618
		2,938,452	9,061,508
EXPENSES			
Management fee	14	1,658,109	1,758,621
Custodian fee	14	296,159	279,492
Interest expense		-	3,936
Other expenses		165,264	26,782
		2,119,532	2,068,831
INCOME FROM ORDINARY ACTIVITIES		818,920	6,992,677
Finance costs			
Distributions to fund shareholders		(1,115,511)	(472,959)
(Loss)/income before withholding taxes		(296,591)	6,519,718
Withholding taxes		(115,952)	(65,481)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND NET INCOME FOR THE YEAR		\$ (412,543)	\$ 6,454,237

SAGICOR FUNDS INCORPORATED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006	2005
Cash flows from operating activities:		
(Decrease)/Increase in net assets attributable to fund shareholders from operations and net income for the year	\$ (412,543)	\$ 6,454,237
Adjustments for:		
Interest income	(3,038,749)	(2,114,385)
Dividend income	(1,681,799)	(1,326,505)
Gain on sale of financial investments	(3,167,091)	(4,455,000)
Net unrealised loss/(gain) on financial investments	4,927,324	(1,235,688)
Distribution to fund shareholders	1,115,511	472,959
	(2,257,347)	(2,204,382)
Changes in operating assets and liabilities		
Due from related parties	979,626	67,086
Due from parent company	557,271	565,615
Accounts receivable	(126,179)	1,214,181
Due to related parties	836,955	435,738
Accounts payable	531,782	(124,123)
Net cash from/(used) in operating activities	522,108	(45,885)
Cash flows from investing activities		
Purchase of financial investments	(34,796,324)	(76,616,228)
Net proceeds on sale of financial investments	28,604,795	43,082,000
Interest received	2,424,907	1,609,008
Dividends received	1,681,799	1,326,505
Net cash used in investing activities	(2,084,823)	(30,598,715)

SAGICOR FUNDS INCORPORATED

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006	2005
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	13,212,574	21,533,473
Redemption of shares	(9,700,231)	(4,310,370)
Distributions paid	(1,115,511)	(472,959)
Net cash from financing activities	2,396,832	16,750,144
Net increase/(decrease) in cash and cash equivalents	834,117	(13,894,456)
Cash and cash equivalents - beginning of year	9,265,491	23,159,947
Cash and cash equivalents - end of year	\$ 10,099,608	\$ 9,265,491
Cash and cash equivalents:		
Cash resources	7,460,637	7,869,623
Term deposits	2,638,971	1,395,868
	\$ 10,099,608	\$ 9,265,491

SAGICOR GLOBAL BALANCED FUND

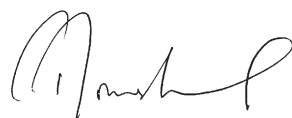
BALANCE SHEET

AS OF DECEMBER 31, 2006


(Expressed in Barbados Dollars)

	Notes	2006	2005
ASSETS			
Due from related parties	5	\$ 577,264	\$ 2,889,939
Due from parent company	5	-	174,652
Accounts receivable	6	124,110	18,816
Financial investments	7	75,368,874	74,654,651
Cash resources	8	2,676,313	4,402,288
Total assets		78,746,561	82,140,346
LIABILITIES			
Due to related parties	5	1,406,084	1,122,981
Accounts payable	9	121,905	85,273
Total liabilities (excluding net assets attributable to fund shareholders)		1,527,989	1,208,254
Net assets attributable to fund shareholders		77,218,572	80,932,092
Total liabilities		\$ 78,746,561	\$ 82,140,346
No. of redeemable Sagicor Global Balanced Fund shares outstanding at end of year		37,287,529	38,969,854
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		\$ 2.071	\$ 2.077
(Decrease)/Increase in net asset value per redeemable Sagicor Global Balanced Fund share for year		-0.3%	6.4%

Approved on August 31, 2007



Chairman



Director

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006		2005	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	38,969,854	80,932,092	37,877,319	73,938,903
Proceeds from issue of shares	1,666,030	3,358,907	2,932,875	5,900,514
Redemption of shares	(3,348,355)	(6,776,169)	(1,840,340)	(3,778,462)
Net increase from share transactions	(1,682,325)	(3,417,262)	1,092,535	2,122,052
(Decrease)/increase in net assets attributable to fund shareholders from operations		(296,258)		4,871,137
Net assets attributable to fund shareholders at December 31	37,287,529	77,218,572	38,969,854	80,932,092

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
REVENUE			
Interest income	12	\$ 1,661,651	\$ 1,289,416
Dividend income		1,219,633	1,071,195
Net gains on financial investments	13	(1,443,259)	4,278,066
		1,438,025	6,638,677
EXPENSES			
Management fee	14	1,346,859	1,511,040
Custodian fee	14	192,409	203,496
Other expenses		124,354	4,831
		1,663,622	1,719,367
INCOME FROM ORDINARY ACTIVITIES		(225,597)	4,919,310
Withholding taxes		(70,661)	(48,173)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ (296,258)	\$ 4,871,137

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006	2005
Cash flows from operating activities:		
(Decrease)/Increase in net assets attributable to fund shareholders from operations	\$ (296,258)	\$ 4,871,137
Adjustments for:		
Interest income	(1,661,651)	(1,289,416)
Dividend income	(1,219,633)	(1,071,195)
Gain on sale of financial investments	(3,463,321)	(4,790,352)
Net unrealised losses on financial investments	4,889,251	512,286
	(1,751,612)	(1,767,540)
Changes in operating assets and liabilities		
Due from related parties	2,312,675	(2,800,355)
Due from parent company	174,652	2,182,402
Accounts receivable	(105,294)	1,216,449
Due to related parties	283,103	(280,186)
Accounts payable	36,632	(175,027)
Net cash from/(used in) operating activities	950,156	(1,624,257)
Cash flows from investing activities		
Purchase of investments	(18,470,809)	(30,642,798)
Net proceeds on sale of investments	16,809,386	25,344,295
Interest received	1,355,204	1,155,283
Dividends received	1,219,633	1,071,195
Net cash from/(used in) investing activities	913,414	(3,072,025)

SAGICOR GLOBAL BALANCED FUND
STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

Cash flows from financing activities		
Proceeds from issue of shares	3,358,907	5,900,514
Redemption of shares	(6,776,169)	(3,778,462)
Net cash (used in)/ from financing activities	(3,417,262)	2,122,052
Net decrease in cash and cash equivalents	(1,553,692)	(2,574,230)
Cash and cash equivalents - beginning of year	5,798,156	8,372,386
Cash and cash equivalents - end of year	\$ 4,244,464	\$ 5,798,156
Cash and cash equivalents:		
Cash resources	2,676,313	4,402,288
Term deposits	1,568,151	1,395,868
	\$ 4,244,464	\$ 5,798,156

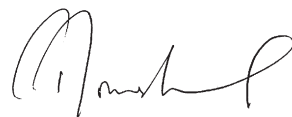
SAGICOR PREFERRED INCOME FUND
BALANCE SHEET

AS OF DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
ASSETS			
Due from related parties	5	\$ 502,830	\$ 502,303
Accounts receivable	6	11,507	2,268
Financial investments	7	19,939,233	15,531,688
Cash resources	8	2,081,182	704,105
Total assets		22,534,752	16,740,364
LIABILITIES			
Due to related parties	5	716,888	661,889
Accounts payable	9	31,969	500
Total liabilities (excluding net assets attributable to fund shareholders)		748,857	662,389
Net assets attributable to fund shareholders		21,785,895	16,077,975
Total liabilities		\$ 22,534,752	\$ 16,740,364
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		20,887,508	15,380,536
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		\$ 1.043	\$ 1.045
(Decrease)/Increase in net asset value per redeemable Sagicor Preferred Income Fund share for year		-0.2%	4.1%

Approved on August 31, 2007



Chairman



Director

SAGICOR PREFERRED INCOME FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006		2005	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	15,380,536	16,077,975	9,385,006	9,425,997
Proceeds from issue of shares	6,165,638	6,402,929	6,069,187	6,285,503
Redemption of shares	(658,666)	(678,229)	(73,657)	(76,616)
Net increase from share transactions	5,506,972	5,724,700	5,995,530	6,208,887
(Decrease)/increase in net assets attributable to fund shareholders from operations		(16,781)		443,091
Net assets attributable to fund shareholders at December 31	20,887,508	21,785,894	15,380,536	16,077,975

SAGICOR PREFERRED INCOME FUND**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
REVENUE			
Interest income	12	\$ 1,171,568	\$ 784,489
Dividend income		21,761	9,848
Net gains on financial investments	13	109,014	261,741
		1,302,343	1,056,078
EXPENSES			
Management fee	14	133,069	93,195
Custodian fee	14	44,356	31,065
Interest expense		-	3,936
Other expenses		5,296	5,951
		182,721	134,147
INCOME FROM ORDINARY ACTIVITIES		1,119,622	921,931
Finance costs			
Distributions to fund shareholders		(1,115,511)	(472,959)
Income before withholding taxes		4,111	448,972
Withholding taxes		(20,892)	(5,881)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ (16,781)	\$ 443,091

SAGICOR PREFERRED INCOME FUND**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006	2005
Cash flows from operating activities:		
(Decrease)/Increase in net assets attributable to fund shareholders from operations	\$ (16,781)	\$ 443,091
Adjustments for:		
Interest income	(1,171,568)	(784,489)
Dividend income	(21,761)	(9,848)
Loss on sale of financial investments	(318,917)	183,359
Net unrealised gains on financial investments	205,369	(451,232)
Distribution to fund shareholders	1,115,511	472,959
	(208,147)	(146,160)
Changes in operating assets and liabilities		
Due from related parties	(527)	789,764
Accounts receivable	(9,239)	(2,268)
Due to related parties	54,999	157,097
Accounts payable	31,469	500
Net cash (used in)/ from operating activities	(131,445)	798,933
Cash flows from investing activities		
Purchase of financial investments	(9,828,124)	(17,813,079)
Net proceeds on sale of financial investments	5,840,558	5,756,196
Interest received	865,138	421,081
Dividends received	21,761	9,849
Net cash used in investing activities	(3,100,667)	(11,625,953)

SAGICOR PREFERRED INCOME FUND**STATEMENT OF CASH FLOWS (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

Cash flows from financing activities		
Proceeds from issue of shares	6,402,929	6,285,503
Redemption of shares	(678,229)	(76,616)
Distributions paid	(1,115,511)	(472,959)
Net cash from financing activities	4,609,189	5,735,928
Net increase/(decrease) in cash and cash equivalents	1,377,077	(5,091,092)
Cash and cash equivalents - beginning of year	704,105	5,795,197
Cash and cash equivalents - end of year	\$ 2,081,182	\$ 704,105
Cash and cash equivalents:		
Cash resources	\$ 2,081,182	\$ 704,105

SAGICOR SELECT GROWTH FUND

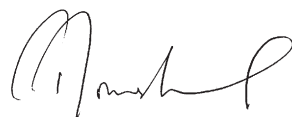
BALANCE SHEET

AS OF DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
ASSETS			
Due from related parties	5	\$ 1,374,878	\$ 2,129,360
Accounts receivable	6	11,646	-
Financial investments	7	21,880,979	21,787,197
Cash resources	8	2,703,142	1,557,252
Total assets		25,970,645	25,473,809
LIABILITIES			
Due to related parties	5	743,533	1,774,414
Accounts payable	9	514,084	50,403
Total liabilities (excluding net assets attributable to fund shareholders)		1,257,617	1,824,817
Net assets attributable to fund shareholders		24,713,028	23,648,992
Total liabilities		\$ 25,970,645	\$ 25,473,809
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		23,128,745	22,003,392
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		\$ 1.07	\$ 1.07
Increase in net asset value per redeemable Sagicor Select Growth Fund share for year		0.0%	5.9%

Approved on August 31, 2007



Chairman



Director

SAGICOR SELECT GROWTH FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006		2005	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	22,003,392	23,648,992	13,506,677	13,648,145
Proceeds from issue of shares	3,267,929	3,450,737	8,932,611	9,347,457
Redemption of shares	(2,142,576)	(2,245,833)	(435,896)	(455,293)
Net increase from share transactions	1,125,353	1,204,904	8,496,715	8,892,164
(Decrease)/increase in net assets attributable to fund shareholders from operations		(140,868)		1,108,683
Net assets attributable to fund shareholders at December 31	23,128,745	24,713,028	22,003,392	23,648,992

SAGICOR SELECT GROWTH FUND**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	Notes	2006	2005
REVENUE			
Interest income	12	\$ 158,522	\$ 25,543
Dividend income		440,405	245,462
Net gains on financial investments	13	(447,851)	1,080,811
		151,076	1,351,816
EXPENSES			
Management fee	14	178,181	154,386
Custodian fee	14	59,394	44,931
Interest expense		-	16,407
Other expenses		35,614	15,982
		273,189	231,706
(LOSS)/INCOME FROM ORDINARY ACTIVITIES		(122,113)	1,120,110
Withholding taxes		(18,756)	(11,427)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ (140,869)	\$ 1,108,683

SAGICOR SELECT GROWTH FUND**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

	2006	2005
Cash flows from operating activities:		
(Decrease)/increase in net assets attributable to fund shareholders from operations	\$ (140,869)	\$ 1,108,683
Adjustments for:		
Interest income	(158,522)	(25,543)
Dividend income	(440,405)	(245,462)
Interest expense	-	16,407
Loss on sale of financial investments	615,147	151,993
Net unrealised gains on financial investments	(167,296)	(1,296,742)
	(291,945)	(290,664)
Changes in operating assets and liabilities		
Due from related parties	754,482	(1,929,348)
Accounts receivable	(11,646)	-
Due to related parties	(1,030,881)	1,774,414
Accounts payable	463,681	50,403
Net cash used in operating activities	(116,309)	(395,195)
Cash flows from investing activities		
Purchase of financial investments	(6,497,391)	(28,160,351)
Net proceeds on sale of financial investments	5,954,851	11,981,509
Interest paid	-	(16,407)
Interest received	159,430	17,706
Dividends received	440,405	245,462
Net cash from/(used in) investing activities	57,295	(15,932,081)

SAGICOR SELECT GROWTH FUND**STATEMENT OF CASH FLOWS (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2006

(Expressed in Barbados Dollars)

Cash flows from financing activities		
Proceeds from issue of shares	3,450,737	9,347,457
Redemption of shares	(2,245,833)	(455,293)
Net cash from financing activities	1,204,904	8,892,164
Net increase/(decrease) in cash and cash equivalents	1,145,890	(7,435,112)
Cash and cash equivalents - beginning of year	1,557,252	8,992,364
Cash and cash equivalents - end of year	\$ 2,703,142	\$ 1,557,252
Cash and cash equivalents comprise:		
Cash resources	\$ 2,703,142	\$ 1,557,252

SAGICOR FUNDS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2006

*(Expressed in Barbados Dollars)***1. REGISTRATION, PRINCIPAL ACTIVITY AND REGISTERED OFFICE**

Sagicor Funds Incorporated (The Fund), which is wholly owned by Sagicor Life Inc., was incorporated on May 20, 1997 and includes all the mutual funds currently operated by the Sagicor Group.

On June 2, 1997, Sagicor Funds Incorporated issued Series A and Series AU shares known as Sagicor Global Balanced Fund shares, constituting the Sagicor Global Balanced Fund.

On December 2, 2004, Series B and Series BU shares known as Sagicor Preferred Income shares, constituting the Sagicor Preferred Income Fund and Series C and Series CU shares known as Sagicor Select Growth Fund shares, constituting the Sagicor Select Growth Fund were issued.

The aim of Sagicor Global Balanced Fund (SGBF) is to provide investors with an avenue for investment in local, regional and international markets, to achieve a reasonable return of income and long-term capital appreciation. The aim of Sagicor Preferred Income Fund (SPIF) is to achieve a high level of current income and preservation of capital through investments in a diversified portfolio of debt securities; asset backed securities, high income funds and selected equities. The aim of Sagicor Select Growth Fund (SSGF) is to achieve above average total return over the long term through investments primarily in a diversified portfolio of other mutual funds with growth strategies and other select securities.

Sagicor Asset Management Inc is the appointed Trustee and Manager of the Funds and administers the Funds from its offices at Sagicor Corporate Centre, Wildey, St. Michael, Barbados.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

All amounts in these financial statements are shown in Barbados dollars, unless otherwise stated.

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in IFRS

New and revised IFRSs and revised International Accounting Standards (IASs) are effective from the 2006 reporting year.

The standard relevant to the Fund which has amendments effective for accounting periods beginning January 1, 2006 is as follows:

IAS 39 Financial Instruments: Recognition and Measurement

The above change does not have a significant effect on the presentation, disclosure or accounting in the Fund's financial statements.

2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of the Funds are measured using the currency of the primary economic environment in which it operates (the functional currency). This is the Barbados dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised the income statement.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held at fair value through income are reported as part of the fair value gain or loss.

Currency exchange rates are determined by reference to the respective central banks. Currencies which are fixed to the United States dollar are converted into Barbados dollars at the equivalent fixed rates. Currencies which float are converted to the Barbados dollar by reference to the average of buying and selling rates quoted by the respective central banks.

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation (continued)

Exchange rates of the other principal operating currencies to the Barbados dollar were as follows:

	December		December	
	2006 closing rate	2006 average rate	2005 closing rate	2005 average rate
Eastern Caribbean dollar	1.35	1.35	1.35	1.35
Jamaica dollar	33.51	32.92	31.19	31.12
Trinidad & Tobago dollar	3.11	3.15	3.15	3.13
United States dollar	0.50	0.50	0.50	0.50

2.3 Financial assets

(a) Classification

The Fund classifies its financial assets into two categories:

financial assets at fair value through income;
loans and receivables.

Management determines the appropriate classification of these assets at initial recognition.

Financial assets in the category at fair value through income have been so designated by management at inception since the assets form part of a managed portfolio whose performance is evaluated on a fair value basis, in accordance with a documented investment strategy.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

(b) Recognition and measurement

Purchases and sales of these financial investments are recognised on the trade date. Cost of purchases includes transaction costs for assets classified as loans and receivables. Interest income arising on financial investments is accrued using the effective yield method. Dividends are recorded in revenue when due.

Loans and receivables are carried at amortised cost less provision for impairment.

Financial assets in the category at fair value through income are measured at fair value based on quoted prices or internal valuation techniques. Realised and unrealised gains and losses are recorded as investment income.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of the expected cash flows discounted at the original effective interest rate. The recoverable amount for debt securities carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in revenue.

2.4 Cash and cash equivalents

For the purposes of the cash flow statement, cash resources comprise cash on hand, call deposits, other liquid balances with original maturities of ninety days or less, and bank overdrafts. Cash resources do not include balances principally of an investment nature.

2.5 Provisions

Provisions are recognised when the Funds have a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

SAGICOR FUNDS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2006

*(Expressed in Barbados Dollars)***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Interest income**

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment securities, loans and deposits and accrued discount and premium on discounted instruments.

2.7 Taxation

The Funds operate under The Mutual Fund Act 1998-45. Consequently the Funds will not be subject to corporation tax on income derived from their investing activities provided that all income arising in an income year is designated to be income of the fund shareholders.

The Funds currently incur withholding taxes imposed by certain countries or financial institutions on investment income. Such income is recorded gross of withholding tax in the income statement.

2.8 Distributions

Distributions are paid twice annually to holders of redeemable Sagicor Preferred Income Fund shares.

2.9 Management fee, Investment Advisory and Custodian fees

Sagicor Asset Management Inc (SAMI), serves as investment adviser and manager to the Funds. As a result of the provision of these services by SAMI, a management fee based on the actual Net Asset Value of each Fund is calculated weekly and payable in arrears. The rate charged is 1.75% per annum for SGBF and 0.75% for SPIF and SSGF.

Merrill Lynch (ML) and Oppenheimer & Co Inc (Oppenheimer) serve as consultants to the investment adviser. ML earns a management fee calculated at 1.00% per annum of the value of the portfolio of assets under their management. This is payable quarterly. Oppenheimer earns a management fee calculated at 1.25% - 3% of the asset value of the portfolio managed, which is also payable quarterly.

Sagicor Life Inc (Sagicor) serves as custodian of the Sagicor Select Growth Fund whereas Sagicor Life Inc (Sagicor) and Maduro and Curiel's Bank NV (Maduro) serve as custodians of the Sagicor Global Balanced Fund and the Sagicor Preferred Income Fund. As a result of providing custodial services, Sagicor receives a custodian fee based on the actual Net Asset Value of each Fund, calculated weekly and payable in arrears, at the rate of 0.25% per annum. Maduro receives a custodian fee based on 1.00% per annum of the value of the assets under their custody. This fee is payable semi-annually.

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

*(Expressed in Barbados Dollars)***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Net asset value per share**

The net asset value per share of each fund is calculated by dividing the net assets of the respective fund by the number of shares at year end.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Funds' reported assets, liabilities, revenues and expenses. The items which may have the most effect on the Funds' financial statements are set out below.

3.1 Valuation of unquoted securities

The Funds use internally developed models to estimate market values for unquoted debt securities. The estimated market value is based on best estimate assumptions and may vary substantially as these assumptions are varied.

4. RISK MANAGEMENT

The Funds' activities are related principally to the use of financial instruments. As such, the Funds are exposed to financial risks and the principles utilised in dealing with these risks are set out below.

4.1 Credit Risk

The Funds take on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are primarily associated with financial investments held.

Credit risk from financial investments is minimised through holding a diversified portfolio of investments, purchasing securities and advancing loans only after careful assessment of the borrower, and placing deposits with financial institutions with a strong capital base. Limits may be placed on the amount of risk accepted in relation to one borrower. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

Significant concentrations of credit risk associated with financial investments are set out in notes 7 and 8.

4.2 Foreign exchange risk

The Funds are exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial assets and liabilities are denominated in a number of different currencies.

Assets by currency are set out in note 15.

SAGICOR FUNDS INCORPORATED**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2006

*(Expressed in Barbados Dollars)***4. RISK MANAGEMENT (continued)****4.3 Interest rate risk**

The Funds are exposed to interest rate risk.

The return on financial investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured financial investment, the returns available on the new financial investment may be significantly different from the returns formerly achieved. The Funds are therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates.

The effective interest rates of the Funds' financial assets are set out in note 7.

4.4 Liquidity risk

In order to manage liquidity risks, management seeks to maintain levels of cash and short-term deposits which are sufficient to meet reasonable expectations of its short-term obligations.

The Funds are exposed to daily calls on their available cash resources for redemptions and operating expenses. The Funds do not maintain cash resources to meet all these needs as experience shows that a minimum level of revenue flows and maturing financial investments can be predicted with a high level of certainty.

The maturity profiles of the Funds' financial assets are disclosed in note 7.

4.5 Market price risk

The Funds' debt and equity securities are susceptible to market price risk arising from uncertainties about future prices of these instruments. The Funds' market price risk is managed through diversification of the financial investment portfolio.

The Funds' overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a quarterly basis by the Board of Directors.

The overall market exposures are disclosed in note 7.

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

4. RISK MANAGEMENT (continued)

4.6 Fair values of financial assets and financial liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The estimated fair values of financial assets are based on market values of quoted securities as at December 31 where available. In assessing the fair value of non-traded financial assets and financial liabilities, the Funds use internal valuation techniques.

The Funds' financial assets and financial liabilities as disclosed in the balance sheet approximate their fair value.

5. RELATED PARTY BALANCES

These balances are interest free, unsecured and have no fixed terms of repayment.

6. ACCOUNTS RECEIVABLE

	2006 \$	2005 \$
Sagicor Global Balanced Fund		
Dividends receivable	21,724	-
Other	102,386	18,816
	124,110	18,816
Sagicor Preferred Income Fund		
Other	11,507	2,268
Sagicor Select Growth Fund		
Other	11,646	-
Total Fund accounts receivable	147,263	21,084

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS

7.1 Analysis of financial investments

	2006 \$	2005 \$
	Amortised Cost	Amortised Cost
Sagicor Funds Incorporated		
Loans and other receivables		
Demand and term deposits	1,072,691	-
	2006 \$	2005 \$
	Fair value	Fair value
Sagicor Global Balanced Fund		
Securities at fair value through income		
Debt securities	20,472,811	15,708,936
Equity securities	53,465,960	57,545,859
	73,938,771	73,254,795
	Amortised Cost \$	Amortised Cost \$
Loans and other receivables		
Demand and term deposits	1,430,103	1,399,856
	75,368,874	74,654,651

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.1 Analysis of financial investments (continued)

	2006 \$	2005 \$
	Amortised Cost	Amortised Cost
Sagicor Preferred Income Fund		
Securities at fair value through income		
Debt securities	18,706,466	13,683,348
Equity securities	1,232,767	1,848,340
	19,939,233	15,531,688
	2006 \$	2005 \$
	Fair value	Fair value
Sagicor Select Growth Fund		
Securities at fair value through income		
Debt securities	2,259,106	463,214
Equity securities	19,621,873	21,323,983
	21,880,979	21,787,197
Total Fund financial investments	118,261,777	111,973,536

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.1 Analysis of financial investments (continued)

	2006 \$	2005 \$
Debt securities comprise:		
Sagicor Global Balanced Fund		
Government debt securities	13,743,193	13,424,317
Corporate debt securities	6,729,618	2,284,619
	<u>20,472,811</u>	<u>15,708,936</u>
Sagicor Preferred Income Fund		
Government debt securities	9,094,413	8,213,484
Corporate debt securities	9,612,053	5,469,864
	<u>18,706,466</u>	<u>13,683,348</u>
Sagicor Select Growth Fund		
Corporate debt securities	<u>2,259,106</u>	<u>463,214</u>

7.2 Significant concentrations

	2006	2005
Sagicor Funds Incorporated		
Loans and receivables		
Demand and term deposits		
Barbados National Bank Inc	100%	-

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.2 Significant concentrations (continued)

	2006	2005
Sagicor Global Balanced Fund		
Securities at fair value through income		
Equity securities		
Goddard Enterprises Limited	6.5%	8.5%
McEanearney Alston	10.4%	5.1%
RBTT Financial Holdings Limited	0.0%	5.7%
FirstCaribbean International Bank	3.6%	-
Sagicor Preferred Income Fund		
Securities at fair value through income		
Debt securities		
Arawak Cement Co. Limited	6.2%	7.4%
Government of Barbados Debenture 2017	5.6%	7.1%
Princess Juliana Bond	5.4%	6.4%
Government of St Kitts Air and Sea Port	3.6%	3.7%
Government of St. Kitts # 17	1.0%	1.1%
Government of St. Kitts # 20	10.3%	11.0%
Government of St. Kitts Fixed rate note	0.5%	2.2%
Equity securities		
McEanearney Alston	3.2%	7.5%

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.2 Significant concentrations (continued)

Sagicor Select Growth Fund

Securities at fair value through income

Equity securities

Barbados Shipping & Trading Co. Limited	3.8%	10.2%
Goddard Enterprises Limited	10.5%	14.4%
McEneaney Alston	15.3%	11.4%
RBTT Financial Holdings Limited	-	7.8%
West Indies Biscuit Company Limited	6.2%	6.4%
Paulson Access Limited	2.9%	2.6%
Standard & Poors	3.6%	1.6%
Vega Access Limited	-	2.2%
York Access Ltd	3.1%	-

7.3 Effective interest rates

	2006	2005
Sagicor Funds Incorporated		
Demand and term deposits	9.2%	-
Sagicor Global Balanced Fund		
Debt securities	8.7%	7.7%
Demand and term deposits	10.9%	8.2%
Sagicor Preferred Income Fund		
Debt securities	7.5%	10.1%
Sagicor Select Growth Fund		
Debt securities	12.4%	6.0%

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles

	December 31, 2006				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Funds Incorporated					
Assets					
Financial investments	1,072,691	-	-	-	1,072,691
Total assets	1,072,691	-	-	-	1,072,691
Liabilities					
Total liabilities	-	-	-	-	-
Interest rate sensitivity gap	1,072,691	-	-		

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2006				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Global Balanced Fund					
Assets					
Other assets	-	-	-	701,374	701,374
Financial investments	3,010,873	7,484,534	11,407,507	53,465,960	75,368,874
Cash resources	2,676,313	-	-	-	2,676,313
Total assets	5,687,186	7,484,534	11,407,507	54,167,334	78,746,561
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	1,527,989	1,527,989
Interest rate sensitivity gap	5,687,186	7,484,534	11,407,507		

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2006				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Preferred Income Fund					
Assets					
Other assets	-	-	-	514,337	514,337
Financial investments	751,963	8,901,797	9,052,706	1,232,767	19,939,233
Cash resources	2,081,182	-	-	-	2,081,182
Total assets	2,833,145	8,901,797	9,052,706	1,747,104	22,534,752
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	748,858	748,858
Interest rate sensitivity gap	2,833,145	8,901,797	9,052,706		

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2006				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Select Growth Fund					
Assets					
Other assets	-	-	-	1,386,524	1,386,524
Financial investments	1,002,819	1,256,287	-	19,621,873	21,880,979
Cash resources	2,703,142	-	-	-	2,703,142
Total assets	3,705,961	1,256,287	-	21,008,397	25,970,645
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	1,257,617	1,257,617
Interest rate sensitivity gap	3,705,961	1,256,287	-		

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2005				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Funds Incorporated					
Assets					
Cash resources	1,205,978	-	-	-	1,205,978
Total assets	1,205,978	-	-	-	1,205,978
Liabilities					
Total liabilities	-	-	-	-	-
Interest rate sensitivity gap	1,206,978	-	-		

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2005				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Global Balanced Fund					
Assets					
Other assets	-	-	-	3,083,407	3,083,407
Financial investments	2,441,608	5,667,238	8,999,946	57,545,859	74,654,651
Cash resources	4,402,288	-	-	-	4,402,288
Total assets	6,843,896	5,667,238	8,999,946	60,629,266	82,140,346
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	1,208,254	1,208,254
Interest rate sensitivity gap	6,843,896	5,667,238	8,999,946		

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2005				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Preferred Income Fund					
Assets					
Other assets	-	-	-	504,571	504,571
Financial investments	-	3,652,731	10,030,617	1,848,340	15,531,688
Cash resources	704,105	-	-	-	704,105
Total assets	704,105	3,652,731	10,030,617	2,352,911	16,740,364
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	662,389	662,389
Interest rate sensitivity gap	704,105	3,652,731	10,030,617		

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

	December 31, 2005				
	Repayable within one year \$	Repayable between one and five years \$	Repayable after five years \$	Non-interest bearing \$	Total \$
Sagicor Select Growth Fund					
Assets					
Other assets	-	-	-	2,129,360	2,129,360
Financial investments	-	463,214	-	21,323,983	21,787,197
Cash resources	1,557,252	-	-	-	1,557,252
Total assets	1,557,252	463,214	-	23,453,343	25,473,809
Liabilities					
Total liabilities (excluding net assets attributable to fund shareholders)					
	-	-	-	1,824,817	1,824,817
Interest rate sensitivity gap	1,557,252	463,214	-		

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.5 Market exposure

	2006		2005	
	Fair value \$	% of portfolio	Fair value \$	% of portfolio
Sagicor Funds Incorporated				
Loans and other receivables				
Demand and term deposits	1,072,691	100.00%	-	-

	2006		2005	
	Fair value \$	% of portfolio	Fair value \$	% of portfolio
Sagicor Global Balanced Fund				
Securities at fair value through income				
Debt securities				
Bonds	20,472,811	27.2%	15,708,936	21.0%
Equity securities				
Common shares	41,287,741	54.8%	46,871,008	62.8%
Mutual funds	12,178,219	16.2%	10,674,851	14.3%
	53,465,960	70.9%	57,545,859	77.1%
Loans and other receivables				
Demand and term deposits	1,430,103	1.9%	1,399,856	1.9%
	75,368,874	100.0%	74,654,651	100.0%

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.5 Market exposure (continued)

Sagicor Preferred Income Fund

	2006		2005	
	Fair value \$	% of portfolio	Fair value \$	% of portfolio
Securities at fair value through income				
Debt securities				
Treasury bills	-	-	500,000	3.2%
Bonds	18,706,466	93.8%	13,183,348	84.9%
	18,706,466	93.8%	13,683,348	88.1%
Equity securities				
Common shares	1,232,767	6.2%	1,848,340	11.9%
	19,939,233	100.0%	15,531,688	100.0%

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.5 Market exposure (continued)

	2006		2005	
	Fair value	%	Fair value	%
	\$	of portfolio	\$	of portfolio
Sagicor Select Growth Fund				
Securities at fair value through income				
Debt securities				
Bonds	2,259,106	10.3%	463,214	2.1%
Equity securities				
Common shares	14,906,338	68.1%	16,548,309	76.0%
Mutual funds	4,715,535	21.6%	4,775,674	21.9%
	19,621,873	89.7%	21,323,983	97.9%
	21,880,979	100.0%	21,787,197	100.0%

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.6 Geographical distribution of financial investments:

The Funds' financial investments are distributed geographically as follows:

	2006	2005
Sagicor Funds Incorporated		
Local	100.0%	100%
Sagicor Global Balanced Fund		
Local	42.6%	37.8%
Regional	25.3%	36.1%
International	32.1%	26.1%
	100.0%	100.0%
Sagicor Preferred Income Fund		
Local	41.2%	39.8%
Regional	12.8%	40.2%
International	46.0%	20.0%
	100.0%	100.0%
Sagicor Select Growth Fund		
Local	55.7%	47.2%
Regional	6.8%	19.2%
International	37.5%	33.6%
	100.0%	100.0%

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Barbados Dollars)

8. CASH RESOURCES

Significant concentrations of cash resources at December 31 are as follows:

	2006 \$	2005 \$
Sagicor Funds Incorporated		
Bank of Montreal	-	1,205,978
Sagicor Global Balanced Fund		
Butterfield Bank	729,793	3,016,510
Merrill Lynch	1,523,417	460,647
Sagicor Preferred Income Fund		
Butterfield Bank	1,652,532	355,718
Oppenheimer & Co Inc	427,937	346,205
Sagicor Select Growth Fund		
Butterfield Bank	618,570	1,557,252
Oppenheimer & Co Inc	708,859	-
Merrill Lynch	1,375,712	-

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

9. ACCOUNTS PAYABLE

	2006	2005
	\$	\$
Sagicor Global Balanced Fund		
Redemptions payable	80,315	82,623
Gift certificates	35,515	-
Other	6,075	2,650
	121,905	85,273
Sagicor Preferred Income Fund		
Distributions payable	20,699	-
Redemptions payable	8,352	-
Other	2,918	500
	31,969	500
Sagicor Select Growth Fund		
Redemptions payable	119,122	41,745
Other	394,962	8,658
	514,084	50,403
Total Fund accounts payable	667,958	136,176

SAGICOR FUNDS INCORPORATED
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10. REDEEMABLE MUTUAL FUND SHARES

Authorized

An unlimited number of redeemable shares of no par value in series:

Series A and AU -Sagicor Global Balanced Fund shares

Series B and BU -Sagicor Preferred Income Fund shares

Series C and CU -Sagicor Select Growth Fund shares

The holders of redeemable mutual fund shares have an interest in the undivided portion of the assets of the respective Fund. These shares secure an equal share in the distribution of the net income and net capital gains and participate equally in all other respects.

The holders of redeemable mutual fund shares are entitled to vote only in respect of:

- the liquidation of the Fund;
- an increase, if any in the fees and charges to the Fund;
- any change in the nature or kind of investments in which the Fund may be invested, or modification of the investment objectives;
- proposals for the removal of the Manager or Custodian Trustee;
- the reconstruction of the Fund, and/or the amalgamation of Sagicor Funds Incorporated and/or the Fund with any other company or mutual fund;
- the winding up of Sagicor Funds Incorporated or
- the amendment of any provision in the Articles appertaining to the Funds and By-law No. 2 of Sagicor Funds Incorporated.

11. SHARE CAPITAL

	2006	2005
	\$	\$
Common shares		
Authorized		
1,000,000 common shares of no par value		
Issued		
1,000,000 (2005 - 1,000,000) common shares	1,000,000	1,000,000

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

12. INTEREST INCOME

	2006 \$	2005 \$
Sagicor Funds Incorporated	47,008	31,344
Sagicor Global Balanced Fund		
Debt securities	1,514,904	1,120,635
Demand and term deposits	146,747	168,781
	1,661,651	1,289,416
Sagicor Preferred Income Fund		
Debt securities	1,171,568	784,489
Sagicor Select Growth Fund		
Debt securities	158,522	25,543
Total Fund interest income	3,038,749	2,130,792

SAGICOR FUNDS INCORPORATED
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(Expressed in Barbados Dollars)

13. NET GAINS ON FINANCIAL INVESTMENTS

	2006 \$	2005 \$
Sagicor Global Balanced Fund		
Realised		
Gain on sale of financial investments	3,463,321	4,790,352
Foreign exchange loss	(17,329)	-
Unrealised		
Net unrealised losses on financial investments at fair value through income	(4,889,251)	(512,286)
	(1,443,259)	4,278,066
Sagicor Preferred Income Fund		
Realised		
Gain (loss) on sale of financial investments	318,917	(183,359)
Foreign exchange loss	(4,534)	(6,132)
Unrealised		
Net unrealised (losses)/gains on financial investments at fair value through income	(205,369)	451,232
	109,014	261,741
Sagicor Select Growth Fund		
Realised		
Loss on sale of financial investments	(615,147)	(151,993)
Foreign exchange loss	-	(63,938)
Unrealised		
Net unrealised gains on financial investments at fair value through income	167,296	1,296,742
	(447,851)	1,080,811
Total Fund net gains on financial investments	(1,782,096)	5,620,618

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

14. RELATED PARTY TRANSACTIONS

(a) Material related party transactions:

	2006 \$	2005 \$
Sagicor Global Balanced Fund		
Management fee	1,346,859	1,511,040
Custodian fee	192,409	203,496
Sagicor Preferred Income Fund		
Management fee	133,069	93,195
Custodian fee	44,356	31,065
Sagicor Select Growth Fund		
Management fee	178,181	154,386
Custodian fee	59,394	44,931

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

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14. RELATED PARTY TRANSACTIONS (continued)

(b) Shares held by related parties

Parties related to the Funds held shares in the Funds during the year as follows:

	2006	2005
Sagicor Global Balanced Fund		
Sagicor Life Inc		
Number of shares held at December 31	5,045,228	5,045,228
Sagicor Preferred Income Fund		
Sagicor Life Inc		
Number of shares held at December 31	1,000,000	1,000,000
Sagicor Select Growth Fund		
Sagicor Life Inc		
Number of shares held at December 31	1,000,000	1,000,000

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY

Balances denominated in

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2006 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Global Balanced Fund							
ASSETS							
Due from related parties	577,264	-	-	-	-	-	577,264
Accounts receivable	124,110	-	-	-	-	-	124,110
Financial investments	32,084,703	7,209,426	3,833,952	3,208,721	24,202,658	4,829,414	75,368,874
Cash resources	2,676,313	-	-	-	-	-	2,676,313
Total assets	35,462,390	7,209,426	3,833,952	3,208,721	24,202,658	4,829,414	78,746,561
LIABILITIES							
Due to related parties	1,406,084	-	-	-	-	-	1,406,084
Accounts payable	121,905	-	-	-	-	-	121,905
Total liabilities (excluding net assets attributable to fund shareholders)	1,527,989	-	-	-	-	-	1,527,989
Net assets attributable to fund shareholders	33,934,401	7,209,426	3,833,952	3,208,721	24,202,658	4,829,414	77,218,572

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

Balances denominated in

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2006 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Preferred Income Fund							
ASSETS							
Due from related parties	502,830	-	-	-	-	-	502,830
Accounts receivable	11,507	-	-	-	-	-	11,507
Financial investments	8,214,630	-	-	1,010,547	9,164,428	1,549,628	19,939,233
Cash resources	2,081,182	-	-	-	-	-	2,081,182
Total assets	10,810,149	-	-	1,010,547	9,164,428	1,549,628	22,534,752
LIABILITIES							
Due to related parties	716,888	-	-	-	-	-	716,888
Accounts payable	31,969	-	-	-	-	-	31,969
Total liabilities (excluding net assets attributable to fund shareholders)	748,857	-	-	-	-	-	748,857
Net assets attributable to fund shareholders	10,061,292	-	-	1,010,547	9,164,428	1,549,628	21,785,895

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

Balances denominated in

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2006 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Select Growth Fund							
ASSETS							
Due from related parties	1,374,878	-	-	-	-	-	1,374,878
Accounts receivable	11,646	-	-	-	-	-	11,646
Financial investments	12,189,700	637,253	853,520	-	8,200,506	-	21,880,979
Cash resources	2,703,142	-	-	-	-	-	2,703,142
Total assets	16,279,366	637,253	853,520	-	8,200,506	-	25,970,645
LIABILITIES							
Due to related parties	743,533	-	-	-	-	-	743,533
Accounts payable	514,084	-	-	-	-	-	514,084
Total liabilities (excluding net assets attributable to fund shareholders)	1,257,617	-	-	-	-	-	1,257,617
Net assets attributable to fund shareholders	15,021,749	637,253	853,519	-	8,200,506	-	24,713,028

SAGICOR FUNDS INCORPORATED
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DECEMBER 31, 2006

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

Balances denominated in

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2005 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Global Balanced Fund							
ASSETS							
Due from related parties	3,064,591	-	-	-	-	-	3,064,591
Accounts receivable	18,816	-	-	-	-	-	18,816
Financial investments	28,276,511	7,103,141	11,105,454	4,651,855	19,456,113	4,061,577	74,654,651
Cash resources	4,402,288	-	-	-	-	-	4,402,288
Total assets	35,762,206	7,103,141	11,105,454	4,651,855	19,456,113	4,061,577	82,140,346
LIABILITIES							
Due to related parties	1,122,981	-	-	-	-	-	1,122,981
Accounts payable	85,273	-	-	-	-	-	85,273
Total liabilities (excluding net assets attributable to fund shareholders)	1,208,254	-	-	-	-	-	1,208,254
Net assets attributable to fund shareholders	34,553,952	7,103,141	11,105,454	4,651,855	19,456,113	4,061,577	80,932,092

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

Balances denominated in

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2005 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Preferred Income Fund							
ASSETS							
Due from related parties	502,303	-	-	-	-	-	502,303
Accounts receivable	2,268	-	-	-	-	-	2,268
Financial investments	6,173,512	-	-	4,869,732	3,116,532	1,371,912	15,531,688
Cash resources	704,105	-	-	-	-	-	704,105
Total assets	7,382,188	-	-	4,869,732	3,116,532	1,371,912	16,740,364
LIABILITIES							
Due to related parties	661,889	-	-	-	-	-	661,889
Accounts payable	500	-	-	-	-	-	500
Total liabilities							
(excluding net assets attributable to fund shareholders)	662,389	-	-	-	-	-	662,389
Net assets attributable to fund shareholders	6,719,799	-	-	4,869,732	3,116,532	1,371,912	16,077,975

Balances denominated in

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

	Barbados	Jamaica	Trinidad	EC	US	Other currencies	2005 Total
	\$	\$	\$	\$	\$	\$	\$
Sagicor Select Growth Fund							
ASSETS							
Due from related parties	2,129,360	-	-	-	-	-	2,129,360
Financial investments	10,244,243	1,087,524	3,123,345	-	7,332,085	-	21,787,197
Cash resources	1,557,252	-	-	-	-	-	1,557,252
Total assets	13,930,855	1,087,524	3,123,345	-	7,332,085	-	25,473,809
LIABILITIES							
Due to related parties	1,774,414	-	-	-	-	-	1,774,414
Accounts payable	50,403	-	-	-	-	-	50,403
Total liabilities (excluding net assets attributable to fund shareholders)	1,824,817	-	-	-	-	-	1,824,817
Net assets attributable to fund shareholders	12,106,038	1,087,524	3,123,345	-	7,332,085	-	23,648,992

2005 FINANCIAL REVIEW

In 2005, the equity markets in developed regions saw slight increases on average as oil prices dramatically increased and interest rates continued to rise. The Morgan Stanley Capital International (MSCI) World Index returned 13.6% in 2005 as compared with 9.5% the previous year. During the year, key economic fundamentals in the emerging market economies continued to improve resulting in a narrowing of yield spreads for emerging market debt and decreasing equity risk premiums. The MSCI Emerging Market Index outperformed during 2005, advancing by 31.5%, an improvement over the 13.2% recorded in 2004.

The regional stock markets performed below par during 2005 and only the Barbados stock index produced a positive return, albeit on substantially lower volume. In Barbados, the stock index grew by 5.8% as compared to 26.4% in 2004. Local market capitalization grew to \$10.9 billion, while the volume of securities traded in the regular market declined significantly by 63.8% to 43.3 million shares. The Trinidad stock index fell 0.7% in 2005 as economic headwinds tested investor confidence. During the same period the Jamaica stock index also registered a decline of 7.2%, as an austere investment climate prevailed. We pared our regional exposure to Jamaica and Trinidad as the markets began to show signs of weakness.

At year end the three Sagicor mutual funds collectively had \$122.9 million in total assets and net income of \$6.5 million. Net gains on financial investments totalled \$5.6 million and accounted for 62.0% of total revenue. The funds were positioned to take advantage of the positive momentum in some segments of the international markets but the lacklustre performance of regional equities inhibited growth. As a result, the international segment of the portfolios made the strongest contribution to overall returns and benefited from a diverse holding of securities and hedge fund exposure. The investment in hedge funds allowed return enhancement and risk reduction through their negative correlation with major indices and greater global focus. The exposure to value funds and equities contributed to overall performance as the value style outperformed the growth style and international indices outperformed the US indices.

Stocks generally enjoyed a positive start to the year, however, returns waned as rising interest rates, higher oil prices and geopolitical concerns weighed on the markets. During 2005, the Dow Jones Industrial Average fell 0.6% while the Nasdaq and S&P 500 indices produced incremental gains of 1.4% and 3.0% respectively. This compares with gains of 3.7% and 6.1% for the S&P 500 Index and Nasdaq Index, and an increase of 3.7% for the Dow Jones Industrial Index for the first quarter of 2006.

The Sagicor Global Balanced Fund was rebalanced to compensate for the changing international investment conditions. The net asset value of the Fund was \$2.08 at December 31, 2005, with growth of 6.4% achieved for the year. The Fund maintained its bias towards equity securities with an allocation of 77.1% of investments, while 22.9% were attributable to fixed income securities. The geographical allocation of the Fund was 37.8% local securities and 26.1% international securities. Regional securities accounted for 36.1% of the Fund's investments. The net assets of the Sagicor Global Balanced Fund amounted to \$80.9 million at December 31, 2005, an increase of 9.5% as compared to 2004. The increase in net assets attributable to fund shareholders from operations was \$4.9 million in 2005 as compared to \$10.3 million in the previous year. Net gains on financial investments totalled \$4.3 million and their contribution to total revenue exceeded that of interest income of \$1.3 million and dividend income of \$1.1 million. The net increase from share transactions of \$2.1 million was below the \$3.0 million recorded in 2004.

SAGICOR FUNDS INCORPORATED

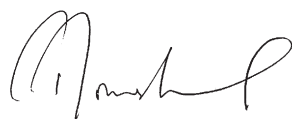
BALANCE SHEET

AS OF DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
ASSETS			
Due from related parties	5	\$ 1,264,103	\$ 1,331,188
Due from parent company	5	1,791,439	2,357,054
Accounts receivable	6	21,084	1,235,265
Financial investments	7	111,973,536	74,571,368
Cash resources	8	7,869,623	19,435,955
Total assets		122,919,785	98,930,831
LIABILITIES			
Due to related parties	5	1,093,224	657,486
Accounts payable	9	136,176	260,300
Total liabilities (excluding net assets attributable to fund shareholders)		1,229,400	917,786
Net assets attributable to fund shareholders	10	120,659,059	97,013,045
Total liabilities		121,888,459	97,930,831
EQUITY			
Share capital	11	1,000,000	1,000,000
Retained earnings		31,326	-
Total equity		1,031,326	1,000,000
Total liabilities and equity		\$ 122,919,785	\$ 98,930,831

Approved on June 30, 2006



Chairman



Director

SAGICOR FUNDS INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005		2004	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	60,769,002	97,013,045	36,440,002	60,668,964
Proceeds from issue of shares	17,934,673	21,533,473	26,554,063	29,944,911
Redemption of shares	(2,349,894)	(4,310,371)	(2,225,063)	(4,062,239)
Net increase from share transactions	15,584,779	17,223,102	24,329,000	25,882,672
Increase in net assets attributable to fund shareholders from operations		6,422,911		10,461,409
Net assets attributable to fund shareholders at December 31	76,353,781	120,659,059	60,769,002	97,013,045

SAGICOR FUNDS INCORPORATED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Share Capital \$	Retained earnings \$	Total \$
Balance at December 31, 2003	100	-	100
Proceeds from issue of shares	999,900	-	999,900
Balance at December 31, 2004	1,000,000	-	1,000,000
Net income for the year	-	31,326	31,326
Balance at December 31, 2005	1,000,000	31,326	1,031,326

SAGICOR FUNDS INCORPORATED**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
REVENUE			
Interest income		\$ 2,114,385	\$ 1,533,143
Dividend income		1,326,505	1,127,533
Net gains on financial investments	13	5,620,618	9,361,186
		9,061,508	12,021,862
EXPENSES			
Management fee	14	1,758,621	1,314,912
Custodian fee	14	279,492	181,213
Interest expense		3,936	-
Other expenses		26,782	869
		2,068,831	1,496,994
INCOME FROM ORDINARY ACTIVITIES		6,992,677	10,524,868
Distribution to fund shareholders		472,959	-
		6,519,718	10,524,868
Withholding taxes		65,481	63,459
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS AND NET INCOME FOR THE YEAR		\$ 6,454,237	\$ 10,461,409

SAGICOR FUNDS INCORPORATED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from operating activities:		
Increase in net assets attributable to fund shareholders from operations and net income for the year	\$ 6,454,237	\$ 10,461,409
Adjustments for:		
Interest income	(2,114,385)	(1,533,143)
Dividend income	(1,326,505)	(1,127,533)
Interest expense	-	-
Gain on sale of investments	(4,455,000)	(541,743)
Net unrealised losses/(gains) on investments	(1,235,688)	(8,824,927)
Distribution to fund shareholders	472,959	-
	(2,204,382)	(1,565,937)
Changes in operating assets and liabilities		
Due from related parties	67,086	(1,331,091)
Due from parent company	565,615	(1,909,449)
Accounts receivable	1,214,181	(1,235,265)
Due to related parties	435,738	(350,151)
Accounts payable	(124,123)	87,984
Net cash used in operating activities	(45,885)	(6,303,909)
Cash flows from investing activities		
Purchase of investments	(76,616,228)	(21,705,075)
Net proceeds on sale of investments	43,082,000	13,964,649
Interest received	1,609,009	2,215,701
Dividends received	1,326,505	1,127,533
Net cash used in investing activities	(30,598,714)	(4,397,192)

SAGICOR FUNDS INCORPORATED

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from financing activities		
Proceeds from issue of redeemable fund shares	21,533,473	29,944,911
Proceeds from issue of common shares	-	999,900
Redemption of shares	(4,310,371)	(4,062,239)
Distribution paid to fund shareholders	(472,959)	-
Net cash from financing activities	16,750,143	26,882,572
Net (decrease)/increase in cash and cash equivalents	(13,894,456)	16,181,471
Cash and cash equivalents - beginning of year	23,159,947	6,978,476
Cash and cash equivalents - end of year	\$ 9,265,491	\$ 23,159,947
Cash and cash equivalents:		
Cash at bank	7,869,623	19,435,955
Term deposits	1,395,868	3,723,992
	\$ 9,265,491	\$ 23,159,947

SAGICOR GLOBAL BALANCED FUND

BALANCE SHEET

AS OF DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
ASSETS			
Due from related parties	5	\$ 2,889,939	\$ 89,584
Due from parent company	5	174,652	2,357,054
Accounts receivable	6	18,816	1,235,265
Financial investments	7	74,654,651	67,272,074
Cash resources	8	4,402,288	4,648,394
Total assets		82,140,346	75,602,371
LIABILITIES			
Due to related parties	5	1,122,981	1,403,168
Accounts payable	9	85,273	260,300
Total liabilities (excluding net assets attributable to fund shareholders)		1,208,254	1,663,468
Net assets attributable to fund shareholders		80,932,092	73,938,903
Total liabilities		\$ 82,140,346	\$ 75,602,371
No. of redeemable Sagicor Global Balanced Fund shares outstanding at end of year		38,969,854	37,877,319
Net asset value per redeemable Sagicor Global Balanced Fund share at end of year		\$ 2.0768	\$ 1.9521
Increase in net asset value per redeemable Sagicor Global Balanced Fund share for year		6.4%	17.5%

Approved on June 30, 2006



Chairman



Director

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005		2004	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	37,877,319	73,938,903	36,440,002	60,668,964
Proceeds from issue of shares	2,932,875	5,900,514	3,662,380	7,053,228
Redemption of shares	(1,840,340)	(3,778,462)	(2,225,063)	(4,062,239)
Net increase from share transactions	1,092,535	2,122,052	1,437,317	2,990,989
Increase in net assets attributable to fund shareholders from operations		4,871,137		10,278,950
Net assets attributable to fund shareholders at December 31	38,969,854	80,932,092	37,877,319	73,938,903

SAGICOR GLOBAL BALANCED FUND
STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
REVENUE			
Interest income	12	\$ 1,289,416	\$ 1,529,996
Dividend income		1,071,195	1,127,533
Net gains on financial investments	13	4,278,066	9,181,004
		6,638,677	11,838,533
EXPENSES			
Management fee	14	1,511,040	1,314,912
Custodian fee	14	203,496	181,213
Other expenses		4,831	-
		1,719,367	1,496,125
INCOME FROM ORDINARY ACTIVITIES		4,919,310	10,342,408
Withholding taxes		48,173	63,458
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ 4,871,137	\$ 10,278,950

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from operating activities:		
Increase in net assets attributable to fund shareholders from operations	\$ 4,871,137	\$ 10,278,950
Adjustments for:		
Interest income	(1,289,416)	(1,529,996)
Dividend income	(1,071,195)	(1,127,533)
Gain on sale of financial investments	(4,790,352)	(541,743)
Net unrealised losses/(gains) on financial investments	512,286	(8,639,261)
	(1,767,540)	(1,559,583)
Changes in operating assets and liabilities		
Due from related parties	(2,800,355)	(89,584)
Due from parent company	2,182,402	(1,909,449)
Accounts receivable	1,216,449	(1,235,265)
Due to related parties	(280,186)	395,531
Accounts payable	(175,027)	87,984
Net cash used in operating activities	(1,624,257)	(4,310,366)

SAGICOR GLOBAL BALANCED FUND

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from investing activities		
Purchase of investments	(30,642,798)	(14,604,291)
Net proceeds on sale of investments	25,344,295	13,964,648
Interest received	1,155,283	2,225,397
Dividends received	1,071,195	1,127,533
Net cash (used in)/from investing activities	(3,072,025)	2,713,287
Cash flows from financing activities		
Proceeds from issue of shares	5,900,514	7,053,228
Redemption of shares	(3,778,462)	(4,062,239)
Net cash from financing activities	2,122,052	2,990,989
Net (decrease)/increase in cash and cash equivalents	(2,574,230)	1,393,910
Cash and cash equivalents - beginning of year	8,372,386	6,978,476
Cash and cash equivalents - end of year	\$ 5,798,156	\$ 8,372,386
Cash and cash equivalents:		
Cash resources	4,402,288	4,648,394
Term deposits	1,395,868	3,723,992
	\$ 5,798,156	\$ 8,372,386

SAGICOR PREFERRED INCOME FUND
BALANCE SHEET

AS OF DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
ASSETS			
Due from related parties	5	\$ 502,303	\$ 1,292,067
Accounts receivable	6	2,268	-
Financial investments	7	15,531,688	2,843,525
Cash resources	8	704,105	5,795,197
Total assets		16,740,364	9,930,789
LIABILITIES			
Due to related parties	5	661,889	504,792
Accounts payable	9	500	-
Total liabilities (excluding net assets attributable to fund shareholders)		662,389	504,792
Net assets attributable to fund shareholders		16,077,975	9,425,997
Total liabilities		\$ 16,740,364	\$ 9,930,789
No. of redeemable Sagicor Preferred Income Fund shares outstanding at end of year		15,380,536	9,385,006
Net asset value per redeemable Sagicor Preferred Income Fund share at end of year		\$ 1.0453	\$ 1.0044
Increase in net asset value per redeemable Sagicor Preferred Income Fund share for year		4.1%	0.4%

Approved on June 30, 2006



Chairman



Director

SAGICOR PREFERRED INCOME FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS**

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	2005		2004	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	9,385,006	9,425,997	-	-
Proceeds from issue of shares	6,069,187	6,285,503	9,385,006	9,385,006
Redemption of shares	(73,657)	(76,616)	-	-
Net increase from share transactions	5,995,530	6,208,887	9,385,006	9,385,006
Increase in net assets attributable to fund shareholders from operations		443,121		40,991
Net assets attributable to fund shareholders at December 31	15,380,536	16,077,975	9,385,006	9,425,997

SAGICOR PREFERRED INCOME FUND**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	Notes	2005	2004
REVENUE			
Interest income	12	\$ 784,489	\$ 3,147
Dividend income		9,848	-
Net gains on financial investments	13	261,741	38,576
		1,056,078	41,723
EXPENSES			
Management fee	14	93,195	-
Custodian fee	14	31,065	-
Interest expense		3,936	-
Other expenses		5,951	732
		134,147	732
INCOME FROM ORDINARY ACTIVITIES		921,931	40,991
Distribution to fund shareholders		472,929	-
		449,002	40,991
Withholding taxes		5,881	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ 443,121	\$ 40,991

SAGICOR PREFERRED INCOME FUND**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	2005	2004
Cash flows from operating activities:		
Increase in net assets attributable to fund shareholders from operations	\$ 443,121	\$ 40,991
Adjustments for:		
Interest income	(784,489)	(3,147)
Dividend income	(9,848)	-
Loss on sale of investments	183,359	-
Net unrealised gains on investments	(451,232)	(44,038)
Distribution to fund shareholders	472,959	-
	(146,160)	(6,194)
Changes in operating assets and liabilities		
Due from related parties	789,764	(1,292,068)
Accounts receivable	(2,268)	-
Due to related parties	157,097	504,792
Accounts payable	500	-
Net cash from/(used in) operating activities	798,933	(793,470)

SAGICOR PREFERRED INCOME FUND
STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2005

(With comparatives for the period from December 2, 2004 to December 31, 2004)

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from investing activities		
Purchase of investments	(17,813,079)	(2,786,643)
Net proceeds on sale of investments	5,756,196	-
Interest received	421,081	(9,696)
Dividends received	9,849	-
Net cash used in investing activities	(11,625,953)	(2,796,339)
Cash flows from financing activities		
Proceeds from issue of shares	6,285,503	9,385,006
Redemption of shares	(76,616)	-
Distribution paid to fund shareholders	(472,959)	-
Net cash from financing activities	5,735,928	9,385,006
Net (decrease)/increase in cash and cash equivalents	(5,091,092)	5,795,197
Cash and cash equivalents - beginning of year	5,795,197	-
Cash and cash equivalents - end of year	\$ 704,105	\$ 5,795,197
Cash and cash equivalents:		
Cash resources	\$ 704,105	\$ 5,795,197

SAGICOR SELECT GROWTH FUND

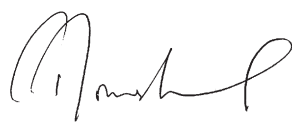
BALANCE SHEET

AS OF DECEMBER 31, 2005

(Expressed in Barbados Dollars)

	Notes	2005	2004
ASSETS			
Due from related parties	5	\$ 2,129,360	\$ 200,012
Financial investments	7	21,787,197	4,455,769
Cash resources	8	1,557,252	8,992,364
Total assets		25,473,809	13,648,145
LIABILITIES			
Due to related parties	5	1,774,414	-
Accounts payable	9	50,403	-
Total liabilities (excluding net assets attributable to fund shareholders)		1,824,817	-
Net assets attributable to fund shareholders		23,648,992	13,648,145
Total liabilities		\$ 25,473,809	\$ 13,648,145
No. of redeemable Sagicor Select Growth Fund shares outstanding at end of year		22,003,392	13,506,677
Net asset value per redeemable Sagicor Select Growth Fund share at end of year		\$ 1.07	\$ 1.01
Increase in net asset value per redeemable Sagicor Select Growth Fund share for year		5.9%	1%

Approved on June 30, 2006



Chairman



Director

SAGICOR SELECT GROWTH FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	2005		2004	
	Number of Shares	Total \$	Number of Shares	Total \$
Net assets attributable to fund shareholders at January 1	13,506,677	13,648,145	-	-
Proceeds from issue of shares	8,932,611	9,347,457	13,506,677	13,506,677
Redemption of shares	(435,896)	(455,293)	-	-
Net increase from share transactions	8,496,715	8,892,164	13,506,677	13,506,677
Increase in net assets attributable to fund shareholders from operations		1,108,683		141,468
Net assets attributable to fund shareholders at December 31	22,003,392	23,648,992	13,506,677	13,648,145

SAGICOR SELECT GROWTH FUND**STATEMENT OF INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	Notes	2005	2004
REVENUE			
Interest income	12	\$ 25,543	\$ -
Dividend income		245,462	-
Net gains on financial investments	13	1,080,811	141,606
		1,351,816	141,606
EXPENSES			
Management fee	14	154,386	-
Custodian fee	14	44,931	-
Interest expense		16,407	-
Other expenses		15,982	138
		231,706	138
INCOME FROM ORDINARY ACTIVITIES		1,120,110	141,468
Withholding taxes		11,427	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO FUND SHAREHOLDERS FROM OPERATIONS		\$ 1,108,683	\$ 141,468

SAGICOR SELECT GROWTH FUND**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2005

*(With comparatives for the period from December 2, 2004 to December 31, 2004)**(Expressed in Barbados Dollars)*

	2005	2004
Cash flows from operating activities:		
Increase in net assets attributable to fund shareholders from operations	\$ 1,108,683	\$ 141,468
Adjustments for:		
Interest income	(25,543)	-
Dividend income	(245,462)	-
Interest expense	16,407	-
Loss on sale of investments	151,993	-
Net unrealised gains on financial investments	(1,296,742)	(141,628)
	(290,664)	(160)
Changes in operating assets and liabilities		
Due from related parties	(1,929,348)	(200,012)
Due to related parties	1,774,414	-
Accounts payable	50,403	-
Net cash used in operating activities	(395,195)	(200,172)

SAGICOR SELECT GROWTH FUND
STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2005

(With comparatives for the period from December 2, 2004 to December 31, 2004)

(Expressed in Barbados Dollars)

	2005	2004
Cash flows from investing activities		
Purchase of investments	(28,160,351)	(4,314,141)
Net proceeds on sale of investments	11,981,509	-
Interest paid	(16,407)	-
Interest received	17,706	-
Dividends received	245,462	-
Net cash used in investing activities	(15,932,081)	(4,314,141)
Cash flows from financing activities		
Proceeds from issue of shares	9,347,457	13,506,677
Redemption of shares	(455,293)	-
Net cash from financing activities	8,892,164	13,506,677
Net (decrease)/increase in cash and cash equivalents	(7,435,112)	8,992,364
Cash and cash equivalents - beginning of year	8,992,364	-
Cash and cash equivalents - end of year	\$ 1,557,252	\$ 8,992,364
Cash and cash equivalents comprise:		
Cash resources	\$ 1,557,252	\$ 8,992,364

2004 FINANCIAL REVIEW

During 2004, the Sagicor Global Balanced Fund offered outstanding returns. The equity portfolio buttressed the Fund performance, while the competitive yield on the bond portfolio added stability to the Fund. The Fund was rebalanced to compensate for changing investment conditions, and maintained a bias to equity securities. The net asset value of the Fund was \$1.95 at December 31, 2004, with growth of 17.5% achieved for the year. The geographical allocation of the Fund was 24.2% local securities and 30.2% international securities. While regional securities accounted for 45.6% of net assets.

Net assets of the Fund amounted to \$73.9 million at December 31, 2004, an increase of \$13.3 million as compared with 2003. Net income for 2004 was \$10.3 million, a substantial increase from \$6.8 million the previous year. Unrealized gains, the primary contributor to net investments income totalled \$8.6 million for the period. The Fund continued to attract the interest of Shareholders during the year as evidenced by the continued growth of shareholders' capital.

The regional segment of the portfolio made the strongest contribution to overall returns. Unrealized gains from this segment totalled \$7.3 million while the international segment recorded unrealized gains of \$1.3 million. With the exception of Barbados, the first four months of 2004 were very favourable for regional markets. However, some weakness was shown throughout the summer months, but the indices finished strongly to record good year-end returns.

The international portfolio made a steady contribution to the Fund's growth. The portfolio benefited from our underweight position in the technology sector, which was among the worst performing sectors. However, our exposure to value funds and equities made a favourable contribution as the value style outperformed the growth style. The international portfolio was also buoyed by the hedge fund exposure, and we expect this segment to add further value going forward. The focus of the hedge fund strategy includes the selection of investment with low correlation to the major indices. We have commenced our due diligence of additional investment products in the international markets as we seek opportunities that would benefit the Fund.

SAGICOR GLOBAL BALANCED FUND (formerly *The Mutual Global Balanced Fund*)A Fund of Sagicor Funds Incorporated (formerly *The Mutual Funds Incorporated*)**BALANCE SHEET**

AS OF DECEMBER 31, 2004

(Expressed in Barbados Dollars)

	2004 \$	2003 \$
Assets		
Investments in securities (Note 3)	66,901,769	54,578,939
Cash on hand and at bank	4,648,394	5,756,667
Accounts receivable	1,235,265	-
Interest receivable	370,305	1,065,706
Due from parent company (Note 4)	2,357,054	447,605
Total Assets	75,512,787	61,848,917
Liabilities		
Accounts payable	260,300	172,316
Due to related parties (Note 4)	1,313,584	1,007,637
Total Liabilities	1,573,884	1,179,953
Net Assets	73,938,903	60,668,964
Represented by:		
Shareholders' Equity		
Share capital (Note 5)	47,126,989	44,136,000
Retained earnings	26,811,914	16,532,964
Total Shareholders' Equity	73,938,903	60,668,964
No. of units outstanding at end of year	37,877,319	36,440,002
Net Asset Value per Redeemable Sagicor Global Balanced Fund Share	1.95	1.66

Approved on April 26, 2005



Chairman



Director

SAGICOR GLOBAL BALANCED FUND *(formerly The Mutual Global Balanced Fund)*A Fund of Sagicor Funds Incorporated *(formerly The Mutual Funds Incorporated)***STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

AS OF DECEMBER 31, 2004

(Expressed in Barbados Dollars)

	Share Capital \$	Retained Earnings \$	Total \$
Balance at December 31, 2002	42,814,543	9,740,132	52,554,675
Issue of shares	5,011,039	-	5,011,039
Redemption of shares	(3,689,582)	-	(3,689,582)
Net Income for the year	-	6,792,832	6,792,832
Balance at December 31, 2003	44,136,000	16,532,964	60,668,964
Issue of shares	7,053,228	-	7,053,228
Redemption of shares	(4,062,239)	-	(4,062,239)
Net Income for the year	-	10,278,950	10,278,950
Balance at December 31, 2004	47,126,989	26,811,914	73,938,903

SAGICOR GLOBAL BALANCED FUND *(formerly The Mutual Global Balanced Fund)*A Fund of Sagicor Funds Incorporated *(formerly The Mutual Funds Incorporated)***STATEMENT OF INCOME**

AS OF DECEMBER 31, 2004

(Expressed in Barbados Dollars)

	2004 \$	2003 \$
Income		
Interest	1,529,996	1,785,196
Dividends	1,127,533	730,141
Total Income	2,657,529	2,515,337
Expenses		
Management fee (Note 6)	1,314,912	967,880
Custodian fee (Note 6)	181,213	138,269
Withholding taxes	63,458	-
Total Expenses	1,559,583	1,106,149
Net Investment Income	1,097,946	1,409,188
Realised and Unrealised Gain/(Loss) on Investments		
Net gain/(loss) on sale of investments	541,743	(817,169)
Net unrealised gain on investments	8,639,261	6,200,813
Net Gain on Investments	9,181,004	5,383,644
Net Income for the Year	10,278,950	6,792,832

SAGICOR GLOBAL BALANCED FUND *(formerly The Mutual Global Balanced Fund)*A Fund of Sagicor Funds Incorporated *(formerly The Mutual Funds Incorporated)***STATEMENT OF CASH FLOWS**

AS OF DECEMBER 31, 2004

(Expressed in Barbados Dollars)

	2004 \$	2003 \$
Cash flows from operating activities:		
Net Income for the Year	10,278,950	6,792,832
Adjustments for:		
Interest income	(1,529,996)	(1,785,196)
Dividend income	(1,127,533)	(730,141)
Net (gain)/ loss on sale of investments	(541,743)	817,169
Net unrealised gain on investments	(8,639,261)	(6,200,813)
	(1,559,583)	(1,106,149)
Changes in operating assets and liabilities		
Accounts receivable	(1,235,265)	191,144
Due from parent company	(1,909,449)	(548,939)
Accounts payable	87,984	(808)
Due to related parties	305,947	784,294
Net cash used in operating activities	(4,310,366)	(680,458)
Cash flows from investing activities:		
Purchase of investments	(14,604,291)	(29,699,787)
Proceeds from sale of investments	13,964,648	24,244,766
Interest received	2,225,397	3,493,550
Dividends received	1,127,533	730,141
Net cash from/(used in) investing activities	2,713,287	(1,231,330)

SAGICOR GLOBAL BALANCED FUND *(formerly The Mutual Global Balanced Fund)*A Fund of Sagicor Funds Incorporated *(formerly The Mutual Funds Incorporated)***STATEMENT OF CASH FLOWS**

AS OF DECEMBER 31, 2004

(Expressed in Barbados Dollars)

	2004 \$	2003 \$
Cash flows from financing activities:		
Issue of redeemable shares	7,053,228	5,011,039
Redemption of shares	(4,062,239)	(3,689,582)
Net cash from financing activities	2,990,989	1,321,457
Net increase/(decrease) in cash and cash equivalents	1,393,910	(590,331)
Cash and cash equivalents - beginning of year	6,978,476	7,568,807
Cash and cash equivalents - end of year	8,372,386	6,978,476
Cash and cash equivalents		
Cash on hand and at bank	4,648,394	5,756,667
Term deposits	3,723,992	1,221,809
	8,372,386	6,978,476



PART F OUR MANAGEMENT TEAM

PART F OUR MANAGEMENT TEAM

Management and Administration

**Custodian Trustee,
Registrar and
Transfer Agent:** **Sagicor Life Inc**
Sagicor Corporate Centre
Wildey
St. Michael, Barbados

Administrator: **Sagicor Funds Incorporated**
Sagicor Corporate Centre
Wildey
St. Michael, Barbados

**Manager and
Investment Adviser:** **Sagicor Asset Management Inc.**
Sagicor Corporate Centre
Wildey
St. Michael, Barbados

Legal Advisers: **Barry L. V. Gale, Q.C.**
Attorney-at-Law
Blades & Williams Building
Tweedside Road
St. Michael, Barbados

Hobsons
Attorneys-at-Law and Notaries Public
Sagicor Centre
21-25 Independence Avenue
San Fernando
Trinidad

Auditors: **PricewaterhouseCoopers**
The Financial Services Centre
Bishops Court Hill
St. Michael
Barbados

Bankers: **Butterfield Bank (Barbados) Limited**
Mutual Building
Lower Broad Street
Bridgetown
Barbados

INVESTMENT ADVISERS

The Investment Advisers provide general investment advisory services and subject to such terms and conditions as may from time to time be imposed have the power to enter into transactions on behalf of the Fund subject to By-Law No. 2 (as may be amended from time to time). The appointment of Investment Advisers may be terminated by 3 months' written notice by the Company.

INVESTMENT MANAGEMENT

The Manager of the Fund is Sagicor Asset Management Inc., a limited liability company incorporated under the Companies Act Chapter 308 of the Laws of Barbados. The Manager has the responsibility to buy and sell securities on behalf of the Fund. The Manager receives a fee for services based on the net asset value of the Fund. The reappointment of the Manager was for a period of 3 years commencing 1st July 2004 and continuing thereafter unless determined by 3 months written notice.

CUSTODIAN TRUSTEE

The Custodian Trustee is Sagicor Life Inc, a company resulting from the amalgamation of Sagicor Life (Company number 21850) and Life of Barbados Limited (Company number 640) and registered under the Companies Act Cap 308 of the laws of Barbados. It is also registered as an external Company under the Companies Act of the laws of Trinidad and Tobago. The Custodian Trustee has exclusive authority and ultimate responsibility for the custody and security of the Fund's assets and maintenance of Shareholder records, in addition to acting as Registrar and Transfer Agent to the Fund. The Custodian Trustee may, however, in its sole discretion – subject only to the provisions of any regulatory authority - delegate certain responsibilities. The Custodian Trustee is also responsible for the settlement of all transactions. The Custodian Agreement may be terminated on 3 months notice by the Company or by the Custodian Trustee. Officers of the Custodian Trustee are not precluded from being employed in relation to advisory, management, legal, accounting, investment banking or other services for the Fund, or from receiving compensation for such services at comparable market rates. Such officers are also entitled to be paid travelling and other expenses properly incurred by them.

LIMITATION OF LIABILITY

The Directors, Custodian Trustee and the Manager of the Fund may act upon statements of advice or information obtained from any banker, accountant, broker, lawyer, agent or other person, not being an employee or officer of the Custodian Trustee, acting as or informed in relation to the matters upon which they are consulted. Neither the Company, nor its directors, nor the Custodian Trustee, nor the Manager shall be liable for anything done or omitted or suffered in reliance upon such advice or information.

The Custodian trustee shall not, save in relation to any act or omission in the keeping of securities by any person appointed as agent of the Custodian trustee for that purpose, be responsible for any misconduct, mistake, oversight, error of judgement, forgetfulness or want of prudence on the part of any such banker, accountant, lawyer, agent or other person.

DISTRIBUTION AGENTS

Marketing and distribution of the Fund Shares, and appointing Distributors of the Fund, are the responsibility of the Manager. The Distributors are The Company, Sagicor's Agency Force, any branch of Bank of Butterfield and any member or broker of The Barbados Stock Exchange Inc. Distributors are paid out of the Fund's service fee.

Copies of this Prospectus and Application Forms may be obtained during normal business hours from:

Sagicor Asset Management Inc. in Barbados

Any branch of Sagicor Life Inc. in Barbados

Any branch of Sagicor Life Inc. in Trinidad and Tobago

Any branch of Butterfield Bank (Barbados) Limited

Any member or broker of the Barbados Stock Exchange

DIRECTORS:

Dr. Marjorie Patricia Downes-Grant
7A Edgehill Heights
St. Thomas, Barbados
Chief Executive Officer
Sagicor Life Inc

Mr. Donald St. Clair Austin
111 Welches Terrace
St. Thomas, Barbados
President
Cable & Wireless (Barbados) Limited

Mr. Richard Owen Byles
Lot 40, Fort George Heights
Stony Hill, Kingston 9
Jamaica
President & Chief Executive Officer
Life of Jamaica Limited

Mr. Dodridge Denton Miller
Lot 1 Brighton
St. George, Barbados
President and Chief Executive Officer
Sagicor Financial Corporation

Dr. Grenville Winslow Phillips. C.B.E.
9 Emerald Ridge, Mullins
St. Peter, Barbados
President and Principal Consultant
Grenville Phillips & Associates Inc.

SECRETARY:

Ms Sandra Osborne
6 Lodge Hill
St. Michael, Barbados
Executive Vice-President,
General Counsel and Secretary,
Sagicor Financial Corporation

REGISTERED OFFICE:

Sagicor Funds Incorporated
Sagicor Corporate Centre
Wildey
St. Michael
Barbados



PART G FOR YOUR FURTHER INFORMATION

PART C FOR YOUR FURTHER INFORMATION

GENERAL INFORMATION

The following are available for inspection at the offices in Barbados and Trinidad and Tobago mentioned below on any Business Day from Monday to Friday inclusive, between the hours 9:00 a.m. to 3:00 p.m.:

- By-Law No. 2 of Sagicor Funds Incorporated
- The audited financial statements of Sagicor Funds Incorporated
- The contract for the appointment of the Manager and Investment Adviser
- The Custodian Agreement
- The consents of the Directors
- The permission of the Exchange Control Authority of Barbados in relation to the purchase and redemption of Fund Shares

In Barbados:

- Sagicor Funds Incorporated, Sagicor Corporate Centre, Wildey, St. Michael
- Sagicor Life Inc, Sagicor Financial Centre, Collymore Rock, St. Michael

In Trinidad and Tobago:

- Sagicor Life Inc, Sagicor Financial Centre, 16 Queen's Park West, Port of Spain
- Sagicor Life Inc, The Sagicor Building, De Verteuil and Penco Streets, Chaguanas
- Sagicor Life Inc, Independence Avenue, San Fernando

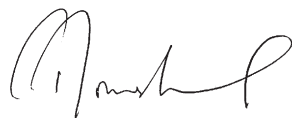
Any extracts included in this Prospectus from referenced sources were not prepared for specific inclusion in this Prospectus.

- The Articles do not fix any number of shares as qualifications for Directors.
- The Directors and Officers of the Company, Sagicor Life Inc., Butterfield Bank (Barbados) Limited, Sagicor Asset Management Inc., PricewaterhouseCoopers, Mr. Barry Gale Q.C. and Hobsons have all given and have not withdrawn their written consent to the inclusion of

their names in this Prospectus in the form and context in which they are included.

- The Directors of the Company and Sagicor Asset Management Inc. accept responsibility for the information contained in this Prospectus which to the best of their information knowledge and belief is accurate as at the date of publication thereof.
- Save as disclosed there is no closing date for applications made pursuant to this Prospectus. The purchase price for a Share shall be equal to the net asset value (which is calculated at the close of business on the Valuation Day next following the receipt of an application for the purchase of Shares).
- The Company, upon the advice of the Manager, may from time to time close the subscription list for new Fund Shares.
- Sagicor Funds Incorporated was incorporated on May 20, 1997 under the name of The Mutual Funds Incorporated. The Company subsequently filed Articles of Amendment changing inter alia its name to Sagicor Funds Incorporated, and changing the designation of the previously issued 'Series U' shares to 'Series AU' shares.
- There is no restriction against Directors acquiring Shares in the Fund.
- Fractional shares of the Company may be issued.
- No share certificates in the usual format will be issued by the Company, but the Company shall issue to each Fund Shareholder a statement showing the number of Fund Shares held by each such Shareholder.
- Appendix 3 which follows is included for investor's general information. However, it must not be deemed to form part of this Prospectus for the purpose of creating any contractual relationship between investors and the Company howsoever arising.

Signed by or on behalf of the Directors of the Company.



Dr Marjorie Patricia Downes-Grant



Donald St. Clair Austin



Richard Owen Byles



Dodridge Denton Miller



Dr Grenville Winslow Phillips

This Prospectus is dated November 22, 2007.

APPENDIX 1

Extract From The Income Tax Act of Barbados

Sections 37E and 37F of the Income Tax Act (“IT Act”), as amended by Acts Nos 1996-30 and 1998-42, provide relief to encourage investors in mutual funds in Barbados, as follows:-

37E. (1) With effect from the 1st day of January, 1996 in calculating the taxable income for an income year of an individual, there shall be deducted from the assessable income of that individual amounts invested in mutual funds, on such terms as the Minister approves, up to a total, in respect of all such investments, of an amount not exceeding \$10,000.

37E. (2) Where a person withdraws any investment from a mutual fund within 5 years of making such an investment the amount so withdrawn from the mutual fund shall be brought back into charge to tax in the year in which the withdrawal was made.

37F. (1) In calculating the assessable income of a mutual fund for an income year, there shall be deducted such part of its assessable income for that income year as is designated by the mutual fund in respect of particular units, shares or other equity interests in the firm owned by a unit holder or other investor.

37F. (2) The total of the amounts deductible under subsection (1) for an income year shall not exceed the amount that would be the income of the fund for the year if no deductions were made under that subsection.

37F (3) An amount designated shall not be included in computing the income of a taxpayer for the income year in which such designation was made, unless a distribution of that amount to unit holders, shareholders and other investors has been made.”

The limit applies to all investment in shares or mutual funds or any combination thereof (subsection (3)).

Section 9(1)(p.1) (amounts not included in assessable income) of the IT Act provides further incentives as follows:-

“(p.1) subject to section 8(1), annual bonus payments payable to employees by a company that is not offering shares to those employees, that are converted into bonds, debentures or stock of the Government of Barbados or in mutual funds within a period of 4 months for the date on which payment of the annual bonus becomes due and that are equal to not more than 75 percent of the value of the bonus payable to each employee up to a limit in respect of each employee of \$7,500;”

Disposal of any such investments with 5 years will give rise to recapture of the tax relief given in the year in which the disposal is made (section 8(1)(1)(ii) of the IT Tax.

APPENDIX 2

SAGICOR FUNDS INCORPORATED
BY-LAW NO. 2
 A by-law relating generally to
 the administration of
 and matters pertaining to
SAGICOR GLOBAL BALANCED FUND

This By-law, which must be read in conjunction with By-law No. 1, is hereby MADE as an additional By-law of Sagicor Funds Incorporated.

1. INTERPRETATION AND DEFINITIONS

1.1 In this By-law unless the context otherwise requires:-

- (a) “Assets of the Fund” or “Fund Assets” means all of the monies, investments, securities and other assets purchased, sold and repurchased out of the proceeds of subscriptions for Balanced Fund Shares of the Company.
- (b) “Balanced Fund” means Sagicor Global Balanced Fund, as distinct from any other mutual fund of the Company.
- (c) “Bank” means an institution licensed as such under the Financial Institutions Act Cap 324A of the Laws of Barbados or any Act amending or in substitution for the same or any bank of repute established outside Barbados which is acceptable to the Custodian Trustee, and references to banker shall be construed accordingly.
- (d) “Business Day” means any day (excluding Saturday and Sunday) on which Banks are open for normal business in Barbados.
- (e) “Companies Act” means the Companies Act Chapter 308 of the Laws of Barbados.
- (f) “Company” means Sagicor Funds Incorporated.
- (g) “Custodian”, “Trustee” or “Custodian Trustee” means the person appointed from time to time by the Company to have exclusive

authority and ultimate responsibility for the custody and security of Fund Assets and maintenance of Shareholder records, in addition to acting as Registrar and Transfer Agent to the Fund, and to be responsible for the settlement of all transactions.

- (h) “Fund” means, as the circumstances may require, the Balanced Fund, the net subscription proceeds received from investors in that Fund, or the pool of investments purchased from the proceeds of the subscriptions made by Fund Shareholders (and any investments added to or substituted therefor) and all other assets, less any liabilities of the Fund.
- (i) “Fund Shareholder” means a holder from time to time of one or more Shares in the Balanced Fund, and “Fund Shareholders” shall collectively and exclusively mean all the holders of all the Shares in the Balanced Fund.
- (j) “Fund Shares” or “Shares” means redeemable Shares in the Balanced Fund of the Company representing equal entitlements to participate in the Balanced Fund.
- (k) “Investment Manager” means the person or company appointed from time to time by the Company to manage the monies and investments of the Company.
- (l) “Manager” or “Fund Manager” means the person or company appointed from time to time by the Company to be responsible for the general marketing and administration of the Fund, for the maintenance of the books of account, the preparation of financial statements, the issue and redemption of Fund Shares, and reporting all relevant information to the Custodian Trustee on a weekly basis.

- (m) “Net Asset Value” means, in relation to the pricing of Fund Shares, the value of all the assets of the Fund, less all liabilities of the Fund. In determining the Net Asset Value of the Fund on any Valuation Day, any of the securities owned by the Fund will be valued at market, using as a price the last sale thereof on the Valuation Day, or if no sale was made on that day, then a representative price within the limits of the bid and ask prices for that day. From that price will be deducted any brokerage fees or other costs of disposal. In relation to securities for which market quotations are not readily available, and all other assets, they will be valued at fair value as determined by or at the direction of the board of directors.
- (n) “Recognised Stock Exchange” or “Stock Exchange” means the Securities Exchange of Barbados or any other exchange which is acceptable to the Custodian Trustee.
- (o) “Redemption Day” means any Business Day immediately preceding a Valuation Day.
- (p) “Valuation Day” means any Business Day which is a Friday (but not any day between 22nd December and 3rd January inclusive) and the Manager may substitute another day of the week as Valuation Day, either temporarily or permanently.

2. STRUCTURE OF THE COMPANY

- 2.1 The Company is an open-end public company incorporated in Barbados within the meaning of section 32 of the Companies Act that carries on only the business of investing the consideration it receives for the shares it issues and all or substantially all of whose issued shares are redeemable upon the demand of shareholders.
- 2.2 The Company is substantially structured as one or more open-end mutual funds and is authorised to issue an unlimited number of redeemable Balanced Fund Shares, or redeemable shares in any other mutual fund, all being of no par value.

3. DESCRIPTION OF FUND SHARES

- 3.1 All Balanced Fund Shareholders will have an interest in an undivided

proportion of the net assets of the Balanced Fund, according to the number of Balanced Fund Shares each Shareholder owns.

- 3.2 Each Balanced Fund Share will be entitled to an equal share in the distributions (if any) of net income and of net capital gains, and will participate in the Fund equally in all other respects.
- 3.3 The Company is authorised to issue fractional Shares.

4. MAXIMUM NUMBER OF JOINT HOLDERS

- 4.1 The Company shall not be bound to register more than 3 persons as joint shareholders.

5. PRE-EMPTIVE RIGHTS

- 5.1 The holder of a Fund Share shall have no pre-emptive right to any other shares issued by the Company or transferred by or to any other person.

6. OWNERSHIP OF ASSETS OF THE FUND

- 6.1 Title to all of the Assets of the Fund shall at all times be vested in the Company.

7. ISSUE, NET ASSET VALUE AND PRICING OF FUND SHARES

- 7.1 Issue Price of Fund Shares: The initial issue of Fund Shares shall be at such price per Share as the directors may determine. The initial offer of Fund Shares at such initial offer price may remain open for a period not exceeding 30 days. Thereafter, the issue price of Fund Shares shall be ascertained by reference to the Net Asset Value of the Fund in accordance with clause 7.2 hereof.
- 7.2 Net Asset Value of Fund Shares: The Net Asset Value of each Fund Share shall be determined by dividing the Net Asset Value of the Fund by the number of Fund Shares issued and outstanding on that day.

- 7.3 Evidence of Values: The Custodian Trustee and/or Investment Manager may accept as sufficient evidence of the value of any investment or the cost or sale price therefor or of any Stock Exchange or of any other matter within his competence a certificate by a stockbroker or other investment adviser approved by the Custodian Trustee.
- 7.4 Pricing of Fund Shares: After the initial issue of Fund Shares, the issue price of each Fund Share shall be determined by adding to the Net Asset Value of each Fund Share, as so computed, a sales charge on all purchases, as herein set out.
- 7.5 Applications to Purchase Fund Shares: Subject to any resolution of the directors, the Fund Manager may accept applications from time to time for the purchase of Fund Shares.
- 7.5:1 If an application is received and approved and the necessary funds received before 3:00 p.m. on the Business Day preceding a Valuation Day then the purchase order may be processed on that Valuation Day using the Net Asset Value for Fund Shares as of that Valuation Day. Applications received after 3:00 p.m. on the Business Day preceding a Valuation Day or on any other day which is not a Valuation Day will be processed using the Net Asset Value as determined on the next Valuation Day.
- 7.5:2 If an application to purchase Fund Shares is received from any person resident in Barbados, and approved, the Shares shall be paid for in Barbados Dollars, and the Shares to be issued shall be “Series A Shares”.
- 7.5:3 If an application to purchase Fund Shares is received from any person resident outside Barbados, and approved, in order to accord with the provisions of the Exchange Control Act of Barbados, on receipt of the necessary funds in United States Dollars (which at the time of receipt thereof shall be treated as converted into Barbados Dollars at the then par exchange rate) then the purchase order may be processed as if those funds were so converted. The price of such Fund Shares so purchased, or to be purchased, may be quoted to any such person in United States Dollars.
- 7.5:4 If an application to purchase Fund Shares is received from any person resident outside Barbados, and approved, the Shares shall be paid for in United States Dollars, and the Shares to be issued shall be “Series AU Shares”.
- 7.6 Minimum Investment: The minimum initial investment by way of subscription for Fund Shares by any one investor shall be BDS \$500 and the minimum for additional subscriptions shall be BDS \$100.
- 7.7 Periodic Investment Plan: A person who has satisfied the minimum investment requirement of BDS \$500 may continue to invest through a periodic investment plan which allows for deductions of a specific amount from that person’s bank account on a monthly, quarterly or semi-annual basis and for investments to be made for the purchase of Fund Shares until a predetermined objective is attained or until further notice. The minimum periodic investment shall be BDS \$100.
- 7.8 Rejection of Application: The Fund Manager may in his discretion reject any application to purchase Fund Shares. Such decision must however be made within 3 days after receipt of the application. If an application is rejected, all money received with the application must be returned immediately.
- 8. REDEMPTION OF FUND SHARES**
- 8.1 A Fund Shareholder may surrender for redemption any or all of the Fund Shares owned by such Fund Shareholder in accordance with the redemption policy of the Fund (which may from time to time be determined by resolution of the directors) by delivering a written request for redemption on the appropriate form to the Fund Manager.
- 8.2 Fund Shares shall be redeemed at their Net Asset Value less a redemption charge (as herein set out) as determined as at the Valuation Day next following a Redemption Day. If a redemption request is received before 3:00 p.m. on a Redemption Day the redemption will be processed on the Valuation Day immediately following that day. Redemption requests received after 3:00 p.m. on

a Redemption Day or on any other day which is not a Redemption Day will be processed on the next following Valuation Day. The redemption charge shall not form part of the Assets of the Fund.

- 8.3 Provided the Fund Shareholder has delivered all necessary documentation, payment will be mailed to such Fund Shareholder within 4 Business Days of the Valuation Day immediately following the relevant Redemption Day. The Fund Shareholder may be asked to provide such reasonable documentation as the Fund Manager may require in order to process the redemption request.
- 8.4 On a redemption of any Series AU Shares, in accordance with the provisions of the said Exchange Control Act of Barbados, if the Shares so to be redeemed were purchased with United States Dollars by a person resident outside Barbados under the provisions of clause 7.5:3 of this By-law, remittance of the redemption proceeds may be made to that person (if not then resident in Barbados) in United States Dollars, and such payment will be made at the then par exchange rate of the Barbados Dollar with the United States Dollar, and the redemption price may be quoted to any such person in United States Dollars.
- 8.5 In the event of unusual circumstances and the Company receives redemption requests within any 30 day period for more than 50% of Fund Assets, the directors of the Company reserve the right subject to the approval of the Securities Commission to limit the then latest and all subsequent redemptions to 20% of the Fund Shares held by each then Fund Shareholder and to hold a special meeting of all Fund Shareholders to consider the liquidation of the Fund.

9. CHARGES AND COMMISSIONS

- 9.1 Sales Charge: There shall be a sales charge of 2% of all amounts invested in the Fund by Fund Shareholders, payable to the Company. The directors may however from time to time waive or suspend such sales charge, with or without conditions annexed thereto, for such periods of time as they may determine.
- 9.2 Annual Charge: There shall be paid to the Investment Manager an annual charge of 1.75% per annum of the Net Asset Value of the Fund calculated on the midpoint between bid and offer valuation of Fund Assets. The payment shall be made in weekly instalments at the rate of 1/52nd part of 1.75%.
- 9.3 Custodian Fee: There shall be paid to the Custodian Trustee an annual charge not exceeding 0.25% of the Net Asset Value of the Fund. The payment shall be made in weekly instalments at the rate of 1/52nd part of 0.25%.
- 9.4 Brokerage and Commission: The directors may from time to time pay brokerage and commission expenses out of the Assets of the Fund for services rendered in connection with the marketing and promotion of the Fund Shares and for the buying and selling of securities for the Fund's portfolio. The fact that a broker is a director or shareholder of the Company shall not disqualify him from receiving such brokerage or commission.
- 9.5 Other Expenses: The Fund shall bear the cost of all other reasonable expenses pertaining to the Fund, including audit, legal, printing and stationery costs.
- 9.6 Increase of Charges: Any increase in the fees and charges charged to the Fund shall require approval of a class meeting of Fund Shareholders.

10. PAYMENT OF EXPENSES AND FEES OUT OF ASSETS OF THE FUND

- 10.1 The Custodian Trustee and Investment Manager are authorised to pay out of the Assets of the Fund all expenses, fees, charges, taxes and liabilities incurred or arising in connection with the Fund, or in connection with the management thereof, including, but not limited to, the Custodian Trustee's and Investment Manager's compensation and such expenses and charges for the services of the Fund's officers, employees, Investment Advisers or Manager, auditor, counsel and such other agents or independent contractors and such other expenses and charges as the directors may deem necessary or proper to incur.

- 10.2 Without prejudice to the generality of clause 10.1 of this By-law, there may be charged to the Fund the costs incurred in the preparation of any prospectus, advertising and marketing of Fund Shares, in the establishment of the Company (which costs may be amortised over a period not exceeding 3 years), the costs of preparing any supplementary or substituted prospectus for the Fund.
- 10.3 Subject to any resolution of the directors, the Custodian Trustee and Investment Manger may decide whether any payment should be borne out of the capital or income of the Fund.

11. POWER TO APPOINT TRUSTEES, MANAGERS, ADVISERS AND BROKERS

- 11.1 The directors may from time to time appoint Custodian Trustee(s), Investment Manager(s), Investment Adviser(s), advisers and brokers, and unless fixed by the By-laws pay such persons such fees, costs, charges and out-of-pocket expenses as the directors may determine. The fact that such Custodian Trustee, Investment Manager, Investment Adviser, adviser or broker is a director or shareholder of the Company shall not disqualify them from receiving such remuneration for such professional services as may be determined.
- 11.2 Removal of the Manager or Investment Manager or Custodian Trustee: Any proposal by at least 5% of Fund Shareholders holding not less than 5% of the then issued Fund Shares for the removal of the Manager or Investment Manager or Custodian Trustee shall require the approval of a special meeting of Fund Shareholders.

12. RELIANCE ON DOCUMENTS, RESOLUTIONS AND SIGNATURE OF FUND SHAREHOLDERS

- 12.1 The Custodian Trustee and the Manager shall not be responsible for the authenticity of any signature on or any seal affixed to any transfer form or application, endorsement or other document affecting the title to or transmission of Fund Shares or be in any way liable for any forged or unauthorised signature or seal. The Custodian Trustee and the Investment Manager shall nevertheless be entitled, but not bound, to require that the signature of any Fund Shareholder or joint Fund Shareholders to any document required to be signed by any

Fund Shareholder be verified by a Justice of the Peace, banker or broker or other responsible person or otherwise authenticated to his or their reasonable satisfaction.

- 12.2 The Custodian Trustee and the Manager shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Fund Shareholders in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolutions or that for any reason the resolution was not binding upon all the Fund Shareholders.

13. DUTIES OF CUSTODIAN TRUSTEE

- 13.1 Generally: If not a trust corporation authorised to provide trustee services in Barbados, the Custodian Trustee may be required to give such bond for the faithful performance of its duties as the directors in their discretion may require.
- 13.2 Custody of Monies, etc.: Subject to the provisions of any resolution of the directors, the Custodian Trustee shall have the care and custody of all monies and securities of the Fund and shall deposit and maintain the same in the name and/or for the account of the Company.
- 13.3 Custody of Investments
- 13.3:1 The documents of title to any investments forming part of the Assets of the Fund shall be dealt with as the Custodian Trustee may think proper for the purpose of providing for the safe custody thereof. Any investment in registered form shall, as soon as reasonably practicable after receipt of the necessary documents by the Custodian Trustee, be registered in the name of the Company or the Custodian Trustee or its nominee and shall remain so registered until disposed of by the Company.
- 13.3:2 The Custodian Trustee shall also be entitled, if it considers that it is expedient to do so, to cause to be deposited with any person of good repute in any part of the world the documents

of title to any investments in registered form to be held upon trusts provided that the Trustee shall first have satisfied itself after making reasonable enquiries and at regular intervals that such person is a fit and proper person to whom to entrust such documents.

13.3:3 Any expense of whatsoever nature incurred by the Custodian Trustee in effecting such registration or providing such safe custody (including insurance) may be payable out of the Assets of the Fund.

13.3:4 The Custodian Trustee may, in relation to the acquisition, holding and disposal of any overseas investments, utilise its own services (if a banker or insurance company) or the services of any affiliate or associate (if a banker or insurance company) on terms no less favourable to the Fund than would be applicable to a comparable customer without there being any liability to account therefor.

13.3:5 In relation to any call or put options written or purchased for the account of the Fund the Custodian Trustee need not obtain any certificates or other documents but may rely on confirmation notes issued or purporting to be issued by and on the records of any Recognised Stock Exchange or any option exchange, futures exchange, broker or other agent through whom such option was written or purchased. The Trustee shall be fully protected in relying on any such confirmation note and shall not be under any liability or responsibility as a result thereof.

13.4 Registrar and Transfer Agent: Subject to the provisions of any resolution of the directors, the Custodian Trustee shall act as Registrar and Transfer Agent, and shall keep all records necessary in relation to Fund Shares and Fund Shareholders.

13.5 Delegation: The Custodian Trustee may provide for any act or matter to be done by the Custodian Trustee to be performed on behalf of the Custodian Trustee by any officer or responsible official of the Custodian Trustee and any act or matter so performed shall be deemed for all purposes to be the act of the Custodian Trustee.

14. DUTIES OF MANAGER

14.1 Subject to the provisions of any resolution of the directors, the duties of the Manager shall be to promote and market the Fund and to keep or cause to be kept such books, records and documents as may be necessary for the proper administration of the Fund.

15. DUTIES OF INVESTMENT MANAGER

15.1 Subject to the provisions of any resolution of the directors, the duties of the Investment Manager shall be to manage the portfolio of investments in accordance with the policy of the Fund as determined from time to time by the directors and in pursuance thereof to buy and sell such securities as may be desirable for the Fund's portfolio, maintain such books, records and documents as may be necessary to give a true and accurate account of all transactions pertaining to the management of the investments of the Fund, calculate the Net Asset Value of the Fund Shares and issue and redeem Fund Shares in accordance with the regulations and policies of the Company and, in the absence of the appointment of a Registrar or Transfer Agent, maintain the records of Fund Shareholders and generally to act and perform such duties as Registrar and Transfer Agent to the Fund.

15.2 Remuneration of the Investment Manager: The remuneration of the Investment Manager shall be the annual charge herein set out, and any payments to Investment Advisers shall be made out of the annual charge.

16. POWERS OF AND RESTRICTIONS ON INVESTMENT

16.1 Generally: Subject to any resolution of the directors and to the Articles and By-laws of the Company, the Investment Manager shall have all powers necessary or convenient to manage the portfolio of investments and without limiting the foregoing the Investment Manager, and where appropriate the Custodian Trustee, shall have power and authority to invest and reinvest cash in authorised investments and to hold cash uninvested.

16.2 Restrictions on Investment:

16.2:1 The Investment Manager is required to follow an investment policy designed to ensure risk diversification.

16.2:2 Not more than 10% of Fund Assets may be invested in securities that are not quoted and not regularly traded.

16.2:3 The Investment Manager may not invest more than 15% of Fund Assets in securities issued by any one company.

16.2:4 The Investment Manager may not enter into any derivative transaction and forward currency transaction for speculative purposes.

16.3 “authorised investments” means:

16.3:1 Quoted securities and other securities which are regularly traded on established stock exchanges, including Barbados, regional and international securities traded on the respective stock exchanges.

16.3:2 US Government securities, Investment Grade Corporate Bonds of A (Standard and Poors) or better, and Investment Grade Global Bonds.

16.3:3 Equity securities of companies domiciled in the United States and securities denominated in currencies other than US dollars such as in those securities which are issued by multinationals on the Euro Dollar market.

16.3:4 Convertible bonds which have a minimum rating of A (Standard and Poors).

16.3:5 Government securities denominated in local or regional currencies. There is no limitation on such investments.

16.3:6 In appropriate circumstances, existing positions in the Fund may be hedged against adverse political, fiscal or exchange control risks, market activity or adverse movements in interest rates.

16.3:7 Subject to the above, currencies, shares, stock, debentures, debenture stock, loans (whether secured or unsecured) or money of any currency or interest in currency, financial futures, contracts, warrants, options, bonds, obligations, evidences of indebtedness, choses in action, certificates of deposit, treasury bills, trade bills, bank acceptances, bills of exchange, gold bullion and other metals and commodities and securities of all kinds whether or not now known or hereafter (as the case may be) effected and whether or not devised, created or issued or guaranteed by any government, sovereign ruler, commissioners, body or authority, supreme, municipal, local or otherwise, in any part of the world, or by any unit trust or mutual fund, company, organisation, bank, association or partnership, whether with limited or unlimited liability, constituted or carrying on business in any part of the world; and shares or units of or participations in any trust scheme, mutual fund or collective investment scheme in any part of the world; and policies of assurance; and any rights and interests to or in any of the foregoing, including without limitation any right or interest in any share, stock, bond, debenture, debenture stock, unit, sub-unit or other security or other loan whether secured or unsecured of money or any currency or interest in any currency and any financial stock market index, interest rate or currency futures or similar financial or other instrument and any rights in or options over any of the aforesaid.

16.4 Change of Powers of Investment or Investment Objectives of the Fund, etc.: Any change in the nature or kind of investments in which the Fund may be invested, or modification of the investment objectives, shall require approval of a special meeting of Fund Shareholders.

17. BORROWING POWERS OF THE INVESTMENT MANAGER

17.1 Subject to section 5 of By-law No. 1 and to this By-law, the Fund may not borrow money except for (a) short term from Banks as may be necessary for the clearance of portfolio transactions and (b) borrowing from Banks for temporary or emergency purposes, including the meeting of redemption requests which may require

the untimely disposition of its portfolio securities. The Fund may mortgage, pledge or hypothecate the assets to secure such borrowing.

18. OTHER POWERS OF THE INVESTMENT MANAGER/CUSTODIAN TRUSTEE

18.1 Subject to the provisions of By-law No. 1 and of this By-law, the Investment Manager, and where applicable the Custodian Trustee, may:-

- (i) Sell, exchange, lend, pledge, mortgage, hypothecate, write options on and lease any or all of the Assets of the Fund.
- (ii) Vote or give assent or exercise any rights of ownership for and on behalf of the Company with respect to stock or other securities or property and to execute and deliver proxies or powers of attorney to such person or persons as the Custodian Trustee shall deem proper, granting to such person or persons such power and discretion in relation to securities or property as the Custodian Trustee shall deem proper.
- (iii) Consent to or participate in any plan for the reorganisation, consolidation or merger of any corporation or issuer, any security of which is or was held as part of the Fund Assets, and to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or issuer, and to pay calls or subscriptions with respect to any security held in the Fund.
- (iv) Join other security holders in acting through a committee, depository, voting trustee or otherwise, and in that connection to deposit any security with, or transfer any security to, any such committee, depository or trustee, and to delegate to them such power and authority in relation to any security (whether or not so deposited or transferred) as the Custodian Trustee shall deem proper, and to agree to pay, and to pay, such portion of the expenses and compensation of such committee, depository or trustee as the Custodian Trustee shall deem proper.

- (v) Compromise, arbitrate or otherwise adjust claims in favour of or against the Assets of the Fund or any matter in controversy, including but not limited to claims for taxes.
- (vi) Purchase and pay for entirely out of the Fund Assets such insurances as it may deem necessary or appropriate for the conduct of the business, including, without limitation, insurance policies insuring the Assets of the Fund and payment of distributions and principal on its portfolio investments and insurance policies insuring the Fund Shareholders, Custodian Trustee, Investment Manager, officers, employees, agents, Investment Advisers or principal underwriters or independent contractors of the Company, institute legal action on behalf of the Company for the benefit of the Fund individually against all claims and liabilities of every nature arising by reason of holding, being or having held any such office or position, or by reason of any action alleged to have been taken or omitted by any such person as aforesaid.
- (vii) For the purpose of facilitating sales and purchases of Fund Shares make a market in Fund Shares by buying and selling such Shares if deemed appropriate so to do.

19. RELIANCE UPON ADVISERS

19.1 The Custodian Trustee, the Manager and the Investment Manager may act upon any statements or advice or information obtained from any banker, accountant, broker, lawyer, agent or other person acting as or informed in relation to the matters upon which they are consulted. The Custodian Trustee, the Manager and the Investment Manager shall not be liable for anything done or omitted or suffered in reliance upon such advice or information. The Custodian Trustee shall not, save in relation to any act or omission in the keeping of securities by any person appointed as agent of the Custodian Trustee for that purpose, be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, agent or other person as aforesaid.

Any such advice or information may be obtained or sent by letter, facsimile transmission, telegram, telex message or cablegram and

the Custodian Trustee or Investment Manager shall not be liable for acting on any advice or information purported to be conveyed by any such letter, facsimile transmission, telegram, telex message or cablegram.

20. DISTRIBUTIONS

- 20.1 Subject to the provisions of clause 20.2 of this By-law, the Fund will not make any distributions of income to Fund Shareholders.
- 20.2 If at any time the directors resolve to issue other classes of Shares in the Fund (such as income shares or shares denominated in currencies other than Barbados dollars) upon such resolution of the directors, the Custodian Trustee and Investment Manager may each year on a date or dates to be determined by the directors distribute in respect of those Shares in the Fund to the relevant Shareholders out of the Assets of the Fund such proportionate amounts as the Custodian Trustee and Investment Manager may recommend as being appropriate to those Shares, pro rata in proportion to the number of the relevant Shares held by each of them. Such distributions shall be made in cash, Fund Shares or other property, or a combination thereof, as determined by the directors.

21. INVOLUNTARY REDEMPTIONS

- 21.1 To relieve the Company of the cost of maintaining uneconomical accounts the Manager may effect the redemption of Fund Shares at Net Asset Value, less any relevant redemption charge, in any account of the Fund due to Fund Shareholder redemptions which has a value of less than BDS \$200. At least 60 days prior to such involuntary redemption the Manager must mail a notice to the Fund Shareholder so that such Shareholder may, should he so desire, make an additional purchase to avoid such redemption.
- 21.2 If the Custodian Trustee or the Manager is made aware that Fund Shares are being held by non-eligible investors or held by any persons in breach of the Law or any other reason which the Custodian Trustee and the Manager believe in their sole discretion could impact negatively on the integrity of the Fund then the Manager (with the consent of the Custodian Trustee) may upon

giving the Fund Shareholder 30 days' notice compulsorily redeem such Shares by paying to the holders thereof the Net Asset Value of such Fund Shares, less any relevant redemption charge, at the relevant redemption date.

22. SUSPENSION OF VALUATION

- 22.1 The Manager (with the consent of the Custodian Trustee) may at any time for a period not exceeding 3 months suspend calculating the Net Asset Value of the Fund and of the Fund Shares if it is of the opinion that there is good and sufficient reason to do so having regard to the interests of the Fund Shareholders.
- 22.2 No Fund Shares shall be issued, repurchased or sold by the Manager during any period in which the calculation of the Net Asset Value of the Fund Shares is suspended in accordance with this By-law.

23. TRANSFER OF FUND SHARES

- 23.1 The Balanced Fund Shares may be transferred by a written instrument of transfer signed by the transferor and naming the transferee. Where the form of share certificate is in the format of a statement of account issued by the Company the transferor may lodge the instrument of transfer with the Company for certification before presentation to the transferee or the Company for registration.
- 23.2 Any certification on a transfer given by the Manager shall not be valid for a period exceeding 28 days from the date of such certification.
- 23.3 When a certification of a transfer has been given the Company shall be entitled to place a block against the respective Fund Shareholder's account and decline acceptance of any other transfer lodged or made in respect of those Shares during the period of 28 days from the date on which a certification of transfer was given.
- 23.4 A Fund Shareholder may not request the Company to cancel a certificate of transfer or certification of a transfer given by the Company or by the Manager within the period of its validity except upon an indemnity given by the Fund Shareholder in a form acceptable to the directors.

24. CLASS MEETING

- 24.1 Quorum: Whenever the circumstances require that a meeting of the Balanced Fund Shareholders be convened the quorum required for such meeting shall be 5% of the total number of Fund Shareholders holding in aggregate not less than 5% of the issued and outstanding Fund Shares.
- 24.2 The Business of Class Meetings: The business of any class meeting of Fund Shareholders shall be limited to the following:
- (i) the liquidation of the Fund, or
 - (ii) an increase, if any, in the fees and charges charged to the Fund, or
 - (iii) any change in the nature or kind of investments in which the fund may be invested, or modification of the investment objectives, or
 - (iv) the removal of the Manager or Investment Manager or Custodian Trustee, or
 - (v) the reconstruction of the Company, and/or the amalgamation of the Company and/or the Fund with any other company or mutual fund, or
 - (vi) the winding up of the Company, or
 - (vii) the amendment of any provisions in the Company's Articles appertaining to the Fund and this By-law.
- 24.3 Subject to the Articles, and subject as aforesaid, all the provisions of By-law No. 1 in relation to meetings of the holders of common shares of the Company, where the context permits, shall apply mutatis mutandis to class meetings of Fund Shareholders.

25. AMALGAMATION AND RECONSTRUCTION

- 25.1 Amalgamation: Any proposal for the amalgamation of the Company

with any other company, or the amalgamation of the Balanced Fund with any other mutual fund, shall require approval of a special meeting of Fund Shareholders.

- 25.2 Reconstruction: Any proposal by the directors for the reconstruction of the Company shall require approval of a special meeting of Fund Shareholders.

26. WINDING UP

- 26.1 Upon any resolution being passed by the common shareholders to wind up the Company the following supplemental provisions shall apply.
- 26.2 Any resolution by the common shareholders for winding up the Company shall also require approval of a special meeting of Fund Shareholders.
- 26.3 The Fund Shareholders shall together be entitled to all of the net proceeds of the Assets of the Fund, after satisfying the costs of realisation, but shall not be entitled to share in any surplus property of the Company.
- 26.4 The common shareholders of the Company shall not be entitled to participate or share in the distribution of any Assets of the Fund.
- 26.5 The Custodian Trustee shall sell or otherwise howsoever realise all investments then remaining in its hands as part of the Assets of the Fund and shall pay thereout all liabilities properly so payable and such sale and payment shall be carried out and completed in such manner and within such period as the Custodian Trustee in its absolute discretion thinks advisable.
- 26.6 The Custodian Trustee shall from time to time and at such time or times as it shall deem convenient and in its absolute discretion distribute to the Fund Shareholders pro rata to their respective interests in the Assets of the Fund all net cash proceeds derived from the realisation of the Assets of the Fund and any such other cash then forming part thereof and available for the purpose of such

distribution; PROVIDED THAT the Custodian Trustee shall be entitled to retain out of any monies in its hands under the provisions of this By-law full provision for all costs, charges, expenses, claims and demands incurred or made by the Custodian Trustee in connection with or arising out of the liquidation of the Assets of the Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; AND PROVIDED ALSO THAT the Custodian Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay BDS 25¢ in respect of each Fund Share.

- 26.7 Every distribution shall be made to a Fund Shareholder upon delivery to the Custodian Trustee of such form of request for payment and receipt as the Custodian Trustee shall in its absolute discretion require.

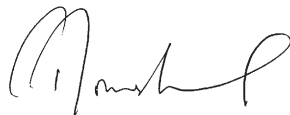
- 26.8 Any unclaimed net proceeds or other cash held by the Custodian Trustee under the provisions of this By-law may at any time after the expiration of 12 months from the date on which the same were payable be paid into court subject to the right of the Custodian Trustee to deduct therefrom any expenses it may incur in carrying out this provision.

27. GENERAL OVERRIDING PROVISION

- 27.1 This By-law must be read in conjunction with By-law No. 1 where appropriate. Where however in any matter the provisions of these By-laws are in conflict with the Articles of Incorporation then the provisions as contained in the Articles shall prevail.

This By-law, together with By-law No. 1, was MADE by resolution of the directors on the 20th day of May, 1997, and CONFIRMED by resolution of the holders of the common shares in the Company on the 2nd day of June, 1997.

This By-law was AMENDED by resolution of the directors on the 24th day of June, 1999, and CONFIRMED by resolution of the holders of the common shares in the Company on the 24th day of June, 1999; and was FURTHER AMENDED by resolution of the directors on the 25th day of September, 2006, and CONFIRMED by resolution of the holders of the common shares in the Company on the 25th day of September, 2006.



Chairman



Secretary

APPENDIX 3

Our Privacy Policy

When you choose to invest your money with Sagicor Funds Incorporated, you not only entrust us with your investments, but also with your personal and financial data. Just as we're dedicated to managing your money well, we are also committed to respecting your privacy and protecting the information you give to us.

We will not disclose any non public personal information about you to non affiliated third parties except as required by law. In order to service your account and to effect transactions that you request or authorize, we may provide certain non public personal information to companies that perform administrative or marketing services on our behalf. We require these outside companies to protect the confidentiality of your information and to use the information only for the purpose for which the disclosure is made.

We restrict access to your non public personal information to our employees who need to know the information to provide products and services to you. Furthermore, we maintain physical, electronic and procedural safeguards in our effort to protect your non public personal information.

We will continue to adhere to our privacy policy even after your account is closed or becomes inactive.

SAGICOR FUNDS INCORPORATED

**SUPPLEMENT TO PROSPECTUS
for
SAGICOR GLOBAL BALANCED FUND**

(Please list here all the funds, within all the categories)

SAGICOR GLOBAL BALANCED FUND

**ADDENDUM TO PROSPECTUS
for Investors' use in Trinidad and Tobago**

(1) (i) This distribution is being made by a foreign mutual fund pursuant to disclosure documents prepared in accordance with foreign securities laws. Purchasers should be aware that these requirements may differ from those of Trinidad and Tobago.

(ii) All of the directors and officers of the foreign mutual fund and certain of the experts named in this Prospectus reside outside of Trinidad and Tobago. Substantially all of the assets of these persons and of the foreign mutual fund may be located outside of Trinidad and Tobago. The foreign mutual fund has appointed Robert Trestrail Executive Vice-President and General Manager of Sagicor Life Inc. in Trinidad and Tobago, of and whose address for service is The Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad, as its agent for Service of Process in Trinidad and Tobago. It may not be possible for investors to effect service of process within Trinidad and Tobago upon the directors and officers referred to above. It may also not be possible to enforce against the foreign mutual fund, its directors and officers named in this Prospectus judgments obtained in Trinidad and Tobago.

(iii) Purchasers should be aware that the experts responsible for any expertise statement, report or opinion in the Prospectus have not submitted to the jurisdiction of Trinidad and Tobago and therefore it may not be possible for an investor to take legal proceedings against the experts in Trinidad and Tobago.

(iv) The foreign mutual fund is incorporated or organised under the laws of a foreign jurisdiction and the rights and remedies available under Trinidad and Tobago law may not be available.

(2) The foregoing, together with the following documents incorporated herein by reference:

- (a) Certificate regarding use of the Prospectus in Trinidad and Tobago;
- (b) Form of Submission to Jurisdiction and Appointment of Agent for Service of Process for Foreign Mutual Funds;
- (c) Certificate regarding Appointment of Agent to distribute securities in Trinidad and Tobago;
- (d) Certificate of Compliance with securities legislation in the home jurisdiction, which are filed with the Trinidad and Tobago Securities and Exchange Commission, constitutes full, true and plain disclosure of all material facts related to the securities being distributed by this Prospectus.

Dated: November 22, 2007

Signed:  
 PATRICIA DOWNES-GRANT (DR) SANDRA OSBORNE
 Chairman Secretary
 (duly authorised representatives of SAGICOR FUNDS INCORPORATED)

Dated: November 22, 2007

Signed: 
 ROBERT TRESTRAIL
 (duly authorised Agent of SAGICOR FUNDS INCORPORATED)

CERTIFICATE REGARDING USE OF THE PROSPECTUS
IN TRINIDAD AND TOBAGO

Re: SAGICOR FUNDS INCORPORATED

SAGICOR GLOBAL BALANCED FUND

SAGICOR FUNDS INCORPORATED - SAGICOR GLOBAL BALANCED FUND hereby certifies that the prospectus hereto attached may be legally used and will be used for the distribution in Trinidad and Tobago of securities of **SAGICOR GLOBAL BALANCED FUND**.

Dated: November 22, 2007

Signed: 
SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND

Signed: 
ROBERT TRESTRAIL
EXECUTIVE VICE PRESIDENT &
GENERAL MANAGER
SAGICOR LIFE INC.

**FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS FOR
FOREIGN MUTUAL FUND**

1. Name of foreign mutual fund:
SAGICOR FUNDS INCORPORATED - SAGICOR GLOBAL BALANCED FUND
2. Jurisdiction of incorporation of foreign mutual fund:
BARBADOS
3. Address of principal place of business of foreign mutual fund:
SAGICOR CORPORATE CENTRE, WILDEY
ST. MICHAEL, BARBADOS.
4. Description of Securities (the "Securities"):
REDEEMABLE GLOBAL BALANCED FUND SHARES IN
SAGICOR GLOBAL BALANCED FUND
5. Date of Prospectus (the "Prospectus") pursuant to which the Securities are offered:
November 22, 2007
6. Name of agent for service (the "Agent For Service")
SAGICOR LIFE INC.
7. Address for service of process on Agent For Service in Trinidad and Tobago:
SAGICOR FINANCIAL CENTRE, 16 QUEEN'S PARK WEST, PORT OF SPAIN
8. The foreign mutual fund designates and appoints the Agent For Service at the address of the agent stated above as its agent upon whom may be served any notice, writ, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of or relating to or concerning the distribution of the securities made or purported to be made pursuant to the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.
9. The foreign mutual fund irrevocably and unconditionally submits to the non-exclusive jurisdiction of Trinidad and Tobago in any proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made pursuant to the Prospectus.
10. This Submission to Jurisdiction and Appointment of Agent for Service of Process shall be governed by and construed in accordance with the laws of Trinidad and Tobago.

Dated: November 22, 2007

SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND

By:



SANDRA OSBORNE
SECRETARY - SAGICOR FUNDS INCORPORATED

The undersigned accepts the appointment as agent for service of process of SAGICOR FUNDS INCORPORATED - SAGICOR GLOBAL BALANCED FUND pursuant to the terms and conditions of the foregoing Appointment of Agent for Service of Process.

Dated: November 22, 2007

SAGICOR LIFE INC. :Agent

By:



ROBERT TRESTRAIL
EXECUTIVE VICE PRESIDENT & GENERAL MANAGER
SAGICOR LIFE INC.

**CERTIFICATE REGARDING APPOINTMENT
OF AGENT TO DISTRIBUTE SECURITIES IN TRINIDAD AND TOBAGO**

**Re: SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND**

SAGICOR FUNDS INCORPORATED - SAGICOR GLOBAL BALANCED FUND hereby certifies that it has appointed SAGICOR LIFE INC. to act on its behalf for the distribution in Trinidad and Tobago of securities of SAGICOR GLOBAL BALANCED FUND.

Dated: November 22, 2007

Signed: 
SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND

Signed: 
ROBERT TRESTRAIL
EXECUTIVE VICE PRESIDENT &
GENERAL MANAGER
SAGICOR LIFE INC.

CERTIFICATE OF COMPLIANCE

**Re: SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND**

SAGICOR FUNDS INCORPORATED - SAGICOR GLOBAL BALANCED FUND hereby certifies that it has complied fully with the disclosure requirements of the applicable securities legislation in the home jurisdiction of the foreign mutual fund.

Dated: November 22, 2007

Signed: 
SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR GLOBAL BALANCED FUND

Dated: November 22, 2007

Signed: 
ROBERT TRESTRAIL
EXECUTIVE VICE PRESIDENT &
GENERAL MANAGER
SAGICOR LIFE INC.



Sagikor

MUTUAL FUNDS

Sagikor Funds Inc.
Sagikor Corporate Centre
Wildley, St. Michael, Barbados
Tel: (264) 467-7500

APPLICATION FOR PURCHASE OF SHARES

PERSONAL INFORMATION

(PLEASE PRINT)

TITLE _____ SURNAME _____ FIRST NAME _____ MIDDLE INITIAL(S) _____

OTHER APPLICANTS (if joint shareholders, if beneficiary) _____

COMPANY NAME (if applicable) _____

FULL ADDRESS _____

AREA CODE _____ HOME TELEPHONE NO. _____ WORK TELEPHONE NO. _____ DATE OF BIRTH (optional) _____ RESIDENT _____ NON-RESIDENT _____ N.I.S NUMBER _____

EXISTING SHAREHOLDER AC # (if applicable) _____ NATIONAL REGISTRATION NO. _____ PLEASE SELECT THE FUND FOR INVESTMENT(✓) please tick
Sagikor Global Balanced Fund Sagikor Preferred Income Fund
Sagikor Select Growth Fund

Cash Cheque Direct Debit* Salary Deduction* Standing Order* Telegraphic Transfer* Yes No Income Tax Allowance (✓) tick as appropriate Employment Other Source of Funds If other please specify _____

SALES REPRESENTATIVE _____ AMOUNT \$ _____ DATE _____ / _____ / _____

TERMS AND CONDITIONS

WHEN MAKING FAST DEPOSIT PLEASE ENCLOSE THE WHITE COPY OF THE FORM IN THE FAST DEPOSIT ENVELOPE.

I/We confirm having read the Prospectus, dated _____ and am/are aware of the nature of the Fund and the risks associated with an investment therein and that shares are issued on the basis of the Prospectus, a copy of which is available for my/our perusal on request. On the basis of those documents I/we apply for shares as indicated.
[If the applicant is a company] I/We attach or agree to provide to you a list of persons authorised to sign on behalf of the company
I/We declare that I am/we are **resident / non-resident** in Barbados for the purpose of the Exchange Control Act of Barbados.
I/We understand that the value of shares in the Fund are not guaranteed nor are they insured by any authority as the value can go down as well as up, and there is no guarantee of the achievement of the objectives of the Fund.

SIGNATURE (1) _____ SIGNATURE (2) (if Joint Shareholder) _____ SIGNATURE (3) (if beneficiary) _____

NOTES

- Payments should be sent to Sagikor Funds Incorporated, Sagikor Corporate Centre, Wildley, St. Michael or any branch of Bank of Butterfield and made payable in cleared funds to **Sagikor Funds Incorporated** by cheque or banker's draft in either case crossed "NOT NEGOTIABLE" and for the account of the payee only.
If payment is by telegraphic transfer, it should be sent to:-
Sagikor Funds Incorporated - Sagikor Corporate Centre, Wildley, St. Michael, to the credit of the account of **Sagikor Funds Incorporated**
- A corporation may execute this application either under its common seal or under the hand of a duly authorised officer, who should state his capacity, and supply a list of authorised signatories. It should insert its registered or head office address.
- If this form is signed under power of attorney, such power, or a duly certified copy thereof, must accompany this form.
- For joint holdings, signatures of all holders are required.

FOR OFFICIAL USE ONLY

TRANSACTION DATE: _____ / _____ / _____ DATE _____ / _____ / _____
 NUMBER OF SHARES PURCHASED: _____ PRICE AT WHICH SHARES WERE PURCHASED \$ _____
 CHECKED BY: _____
 TOTAL VALUE OF SHARES PURCHASED \$ _____ APPROVED BY: _____
 REPRESENTATIVE NO: _____
 BROKER NAME: _____ ORDER NO: _____

DECLARATION OF SOURCE OF FUNDS

1. Customer Name (Last, First, Middle) or Business: _____
7. Name of person conducting transaction, (If different from previous): _____
2. Permanent Address: _____
8. Permanent Address: _____
3. Date and Place of Birth: _____
9. Date and Place of Birth: _____
4. Nationality: _____
10. Nationality: _____
5. Occupation: _____
11. Occupation: _____
6. Telephone Number (H): _____ Telephone Number (W): _____ Telephone Number (W): _____
12. Telephone Number (H): _____ Telephone Number (W): _____
13. A/C Number: _____
14. Amount of Transaction & Currency: _____
15. Name of Company (Sagicor Life Inc. or Sagicor Funds Incorporated): _____

FORM OF VERIFICATION (Please check box) ISSUER & DATE NUMBER

- National I.D. _____
- Passport _____
- Drivers Licence _____
- Social Security _____
- Other (Specify) _____

DESCRIPTION/NATURE OF BUSINESS TRANSACTION:

DECLARATION

I declare the US\$ (Other)

Totalling \$

Presented to complete this transaction, by means of: (record particulars of instrument or attach copy) represents the proceeds of monies obtained from the following source

I acknowledge that this declaration is required under the Company's anti-money laundering and anti-terrorism policy and consent is given to the Company, a member of the SAGICOR Group, to disclose this information to Money Laundering personnel with the SAGICOR Group of companies and their affiliates for the purpose of ensuring that the Company complies with Anti-Money Laundering legislation.

Customer Signature: _____

Date: _____

Time: _____

Transaction Approved? Yes No
 If No, state reason: _____

Officer Completing Transaction
 (Signature & Title)

Authorising/Compliance Officer
 (Signature & Title)

