



SAGICOR SELECT GROWTH FUND
PROSPECTUS



PROSPECTUS – October 20, 2006

SAGICOR SELECT GROWTH FUND



Sagicor Funds Incorporated
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SAGICOR FUNDS INCORPORATED

(The Company)

Issue of an unlimited number
of
Series C and Series CU Select Growth Fund Shares
at
the price of the net asset value per Share

SAGICOR SELECT GROWTH FUND

A copy of this document has been registered with the Securities Commission of Barbados on October 20, 2006 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 Trinidad and Tobago Securities and Exchange Commission. The Securities Commission of Barbados, The Registrar of Corporate Affairs & Intellectual Property of Barbados and the Trinidad and Tobago Securities and Exchange Commission 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 Select Growth 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

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 13 and Risk disclosure on pages 12 - 14 of this Prospectus for further particulars.

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.

- Series CU 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 and 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 SELECT GROWTH FUND

An Issue by

SAGICOR FUNDS INCORPORATED

(The Company)

of

An unlimited number of Series C and CU Select Growth Fund Shares

At the Subscription Price of the Net Asset Value per Share

Sagicor Select Growth Fund is a 'fund of funds'. The objective of the Fund is to achieve an above average total return over the long term. 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 Select Growth Fund will be 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 Select Growth Fund that you should know before you invest. Please read this Prospectus carefully and keep it handy for future reference.

DEFINITIONS

| | | | |
|---|---|---------------------------------------|--|
| “Select Fund” or “Select Growth Fund” | Sagicor Select Growth 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. 4” | By-Law No. 4 of the Company, which sets out the parameters within which Sagicor Select Growth Fund must operate, e.g. investment parameters, valuation parameters, rights and powers of Shareholders of the Fund, etc. | “Series C Shares” | Redeemable Series C Shares in Sagicor Funds Incorporated |
| “The Company” | Sagicor Funds Incorporated | “Series CU Shares” | Redeemable Series CU shares in Sagicor Funds Incorporated |
| “Directors” | The Directors of the Company | “Shareholders” or “Fund Shareholders” | Holder of Series C and Series CU Shares in the Company |
| “Fund” | Unless the context provides otherwise, Sagicor Select Growth 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 “Redeemable Shares” or “Select Fund Shares” or “Select Growth Fund Shares” | Unless the context provides otherwise, The series C and series CU shares of the Company entitling the holders thereof to an interest in Sagicor Select Growth Fund. | “Valuation Day” | “Any Business Day which is a Friday (but between 22nd December and 3rd January inclusive and 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.

Sagicor Select Growth Fund is an open-end fund.

In the international market, mutual funds are created with portfolio compositions designed for an almost infinite variety of investment objectives and risk levels. Sagicor Select Growth Fund is a fund of funds.

ABOUT A FUND OF FUNDS

A fund of funds is a mutual fund that invests and holds the majority of its investments in shares of other mutual funds. By so doing it spreads the risk and also allows shareholders to benefit from the expertise of various investment managers in particular market segments. It affords investors the opportunity to easily invest in a broad portfolio of funds by making a single investment.

ABOUT SAGICOR FUNDS INCORPORATED

Sagicor Funds Incorporated ("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 subscription money 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. It is important to recognise however that the redemption price will fluctuate based upon the net asset value of the Fund and that the redemption price may be more or less than the price at which the shares were purchased.

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 Select Growth Fund consists of one class of shares issued in 2 series respectively designated as "Series C Shares" and "Series CU Shares" which are collectively known as "Select Growth Fund Shares".

The other funds in the family are Sagicor Global Balanced Fund (formerly known as Mutual Global Balanced Fund) which also consists of a class of shares issued in 2 series namely "Series A Shares" and "Series AU Shares" collectively known as "Global Balanced Fund Shares" and Sagicor Preferred Income Fund which consist of a further class of shares also issued in 2 series namely "Series B Shares" and "Series BU Shares" collectively known as "Preferred Income Fund Shares".

All monies subscribed by investors for the purchase of respective Fund Shares in accordance with the applicable Prospectus will, subject to the terms thereof, be invested for the benefit solely of the holder of such

respective Shares.

The Common Shareholders of the Company shall not be entitled to participate or share in the distribution of any property belonging to any of the funds maintained by the Company.

ABOUT SAGICOR SELECT GROWTH FUND SHARES

Sagicor Select Growth Fund, comprising Series C Shares and Series CU Shares of Sagicor Funds Incorporated, is made up of the total number of such Fund Shares (that is to say, with equal participation in the Fund) subscribed by investors to the Fund, called Fund Shareholders. The consideration received from the issue or sale of Fund Shares to Fund Shareholders is used for the purpose of building a portfolio of investments by the Fund.

The net asset value of the Fund shall be calculated weekly based on the underlying value of its portfolio. The net asset value of a Fund Share can therefore fluctuate.

Fund Shares are sold at a price calculated by reference to a result obtained by dividing the net asset value of the total Fund by the number of Fund Shares issued and outstanding plus such fees and charges payable by the purchaser.

Fund Shares are redeemed at a price calculated by reference to a result obtained by dividing the net asset value of the total Fund by the number of Fund Shares issued and outstanding. To redeem Fund Shares, the Fund may either use cash reserves or sell investments to obtain the necessary cash. Thus, investors do not have to wait for long periods to convert their Fund Shares to cash.

ABOUT THE SELECT GROWTH FUND

The Sagicor Select Growth Fund is the third fund of the Sagicor Family of Funds. For the Select Growth Fund the Company is authorised to offer investors an unlimited number of redeemable shares designated as “Series C Shares” and “Series CU Shares” respectively, which collectively constitute the Select Growth Fund Shares.

Series CU Shares will be quoted in US dollars to any non resident of Barbados and will be issued only to non-residents of Barbados. The accounting records of the Fund will be maintained in Barbados dollars. The US dollars will be the equivalent of the Barbados dollar net asset value of

the Fund as at the then par rate of exchange. Series CU Shares will also be redeemed in US dollars to non-residents 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 CU Shares may not be purchased by residents of Barbados.

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

Each Fund Share is entitled to an equal share in the distribution of net income and net capital gains of the Fund and participates equally in all other respects.

Except as permitted under the Companies Act, CAP 308, the holders of Series C and CU Select Growth Fund Shares shall not be entitled to attend and vote at general meetings of shareholders of the Company. Notwithstanding the foregoing, the Companies Act confers the right to vote on all shareholders, whether by class vote or otherwise, upon any resolution to:

- (1) Dispose of substantially all of the assets of the Company.
- (2) Vary, change or abrogate the rights attached to shares of the Company.
- (3) Amalgamate the company with another company.
- (4) Wind up the Company.

Upon a liquidation or winding-up of the Company the Series C and CU Shareholders shall be entitled to the net proceeds of the assets of the Select Growth Fund but shall not be entitled to share in any surplus property of the Company.

CLASS MEETINGS

Whenever the circumstances require that a meeting of the Select Growth Fund Shareholders holding “Series C Shares” and “Series CU Shares” be convened, the quorum required for such meeting shall be 5% of the total number of such Fund Shareholders holding in aggregate not less than 5% of the issued and outstanding number of such Fund Shares and the business of any such class meeting of Fund Shareholders shall, subject to any regulatory authority, 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 to impose fees that are not provided for in the constitutive document, 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 By-Law No. 4 of the Company.

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 all class meetings of Fund Shareholders.

MINIMUM INVESTMENT AMOUNT

The minimum initial investment in the Fund by Shareholders is BDS\$ 500.00 in the case of the Series C Shares and US\$255 in the case of Series CU Shares. Any additional investment must be for a minimum of BDS\$200.00 for Series C Shares and US\$102.00 for Series CU Shares.

OFFER PRICE

The offer price shall be the Net Asset Value per Share.

OPENING OF APPLICATION LIST

The Application List for subscriptions at the initial offer price will open at 9 a.m. on Thursday, 2nd December 2004 and will close at 12 Noon on Friday 31st December, 2004. Thereafter investors may continue to purchase Select Fund Shares at the net asset value of the Fund.

INITIAL SALES CHARGE

There will be no initial sales charge on subscriptions made to the Fund at the initial opening price. However where no initial sales charge was paid on Fund Shares purchased by Fund Shareholders, a redemption charge of 2% will apply to investments held for less than 1 year, 1% for investments held for less than 2 years but no redemption charge will apply for redemption of Shares held for a period in excess of 2 years.



PART B: A LOOK AT OUR INVESTMENT

PART B A LOOK AT OUR INVESTMENT

GOALS, STRATEGIES AND RISK

INVESTMENT GOAL

The Fund seeks to achieve an above average total return over the long term consistent with the preservation of capital through investments primarily in a diversified portfolio of other mutual funds with growth strategies and other select securities.

HOW WILL THE FUND PURSUE ITS INVESTMENT GOAL?

EMPHASIS ON MUTUAL FUNDS

At least, normally 75% of the Fund's assets will be invested in other mutual funds of which up to 20% may be invested in hedge funds, closed-end funds or other investment schemes. The Fund may also invest up to 25% of its net assets in equities, debt obligations, bonds and rated commercial paper of local, regional and foreign companies; Bonds, Debentures and Treasury Bills issued by Sovereign States and their Municipalities, and in derivative securities for non-speculative purposes. The Fund will invest primarily for capital appreciation.

ASSET ALLOCATION

The Manager will allocate the Fund's assets among the various market segments based upon the anticipated returns and risks of each of the market segments. Some types of investment, such as balanced funds which invest in both stocks and bonds, can fall into more than one of these market segments.

In allocating assets among market segments, the Manager will employ both fundamental and technical analysis to assess relative risk and reward potential throughout the financial markets, with the objective of providing the best opportunity for achieving an above average total return consistent with the preservation of capital over the long-term. The Fund's portfolio may vary considerably among the various market segments in response to changes in economic and market trends. The Manager may overweight market segments that it believes have above average market potential with

below average market risk. By allocating its investments in this manner, the Fund believes it will not be exposed to the same degree of market risk as a mutual fund that invests in only one market segment.

In making asset allocation decisions, the Manager will evaluate projections of risk, market conditions, economic conditions, volatility, yields and returns. The Manager will use database systems to help analyse past situations and trends, research in each of the asset classes to help in securities selection, portfolio management to determine asset allocation and to select mutual funds, closed-end investment companies and individual securities. It will utilise its own credit analysis as well as credit analyses provided by rating services.

ASSET SUB-CLASSES

The asset allocation process is not limited to determining the degree to which the Fund's assets should be invested in these different market segments. The Manager will continually explore opportunities in various sub-classes of assets using various economic indicators such as:

- Geo-economic considerations (for example, foreign versus domestic)
- Maturities of fixed income securities (for example "short term" versus "long term")
- Market capitalisations (for example, "blue chip" versus small capitalisations)
- Sector rotation (for example, "high tech" versus industrial)

SELECTING FUNDS

The Manager will select underlying funds in which to invest based, in part, on their investment goals and strategies, their investment adviser and portfolio manager, and on the analysis of their past performance (absolute, relative and risk-adjusted). The Manager will also consider other factors in the selection of funds, such as fund size, liquidity, expense ratios, quality of shareholder service, reputation and tenure of the portfolio manager, general composition of its investment portfolio and current and expected portfolio holdings. Funds in which the Fund will invest may not share the

same investment goal and investment limitations as the Fund. Normally, the Fund will invest its assets in mutual funds from several different mutual fund families, managed by a variety of investment advisers and having a variety of different investment goals and strategies. In particular the Manager may invest up to 15% of the assets of the Fund in one or more registered funds of hedge funds.

WHAT IS A HEDGE FUND?

Until quite recently the hedge fund industry tended to be somewhat of a closed society based on long standing personal relationships.

The term “hedge fund” is derived from the practice of investment managers who would take long positions in various securities and then “hedge” against the risk of a general market decline by taking short positions in other securities. Today, the term usually refers to private investment vehicles that may utilize a wide range of investment strategies and instruments.

Hedge fund strategies can provide access to instruments, markets and investment techniques not typically used by traditional investment programs. In addition, hedge funds typically pursue positive absolute returns rather than seeking to outperform a benchmark. Consequently, hedge funds are also described as “absolute-return strategies.”

A fund of hedge funds (also known as a multi-strategies fund or multi-manager fund) is a pooled investment vehicle that seeks to reduce volatility by spreading investments among many different hedge funds. These funds of funds blend a host of hedge funds in a single portfolio tailored to meet investors’ specific risk/return objectives.

Fund of hedge funds investing permits greater diversification with the same amount of dollars than could otherwise be attained and can enable investors to gain the benefits of hedge fund investing while better managing the risks. In addition, a fund-of-hedge-funds manager can perform the due diligence and fund monitoring on the individual managers that are critical to a successful hedge fund allocation. Internationally, the fund of funds approach has become one of the preferred investment forms for many pension funds, endowment funds, insurance companies, private banks, family offices and high net worth individuals.

Hedge funds include traditional stock and bond investments, but generally combine these with short sales, arbitrage and leverage which are not generally found in traditional stock and bond market strategies. When investing in hedge funds it is important to understand these three terms.

These alternative investment strategies can reduce portfolio risk; however the method of accessing these strategies can increase portfolio risk. The major risks include misrepresentation of investments, forbidden exposure (i.e. excessive leverage, position or sector overlap/concentration), strategy or style drift, and inappropriate valuation methods. In addition many hedge funds are not registered and are therefore loosely regulated. It is for this reason that any investment made by the Fund in hedge funds will employ the fund of hedge funds vehicle and will be restricted to those funds of hedge funds that are registered and regulated by an appropriate regulatory authority.

INVESTMENT STRATEGY

In an effort to benefit from opportunities in both bull and bear markets, the Manager may supplement the Fund’s long mutual fund or equity positions by investing in mutual funds that have sold stocks short. The fund may also invest in funds of hedge funds. The Fund itself will not sell stocks short or assume short positions in securities held in its portfolio but may invest in other managed funds that are permitted to take such positions. The Fund will buy stocks “long” or invest in mutual funds that buy stocks “long” that they believe will perform better than their peers.

A “long” position is when the Fund, or a mutual fund in which the Fund invests, purchases a stock outright. A “short” position is when a mutual fund in which the Fund invests, sells a security that it has borrowed. The Fund, or an underlying mutual fund in which the Fund invests, will realise a profit or incur a loss from a short position depending on whether the value of the underlying stock increases or decreases between the time it is sold and when the underlying mutual fund in which the Fund invests, replaces the borrowed security.

The Manager may vary the percentage of the Fund’s assets allocated to the various markets based upon the mix of these markets that the Manager believes will most likely achieve the Fund’s investment goal.

DEFENSIVE INVESTMENTS

The Manager of the Fund, or the underlying funds in which the Fund invests, may invest in a fully or partially defensive position when they believe it is appropriate to do so. When this happens, the Fund or the underlying funds in which the Fund has invested may increase their investment in government securities and other short-term securities notwithstanding the Fund's, or the underlying funds', investment restrictions, policies or normal investment emphasis. During such a period, the Fund, or the underlying funds in which the Fund invests, could be unable to achieve their investment objectives. In addition, this defensive investment strategy may cause frequent trading and high portfolio turnover ratios when calculated in accordance with Securities Commission rules. High transaction costs could result from such frequent trading; however, because a significant portion of the Fund's assets is expected to be invested in no-load or low load mutual funds, which do not charge high commissions upon the purchase or sale of their shares, the Fund may pay less commission than many mutual funds of similar size and portfolio turnover.

INVESTMENT POLICY AND LIMITATIONS

Under the provisions of By-laws No. 4 of the Company, the assets of the Fund may be invested in securities locally, regionally and internationally. The Manager will normally invest in quoted securities and other securities which are regularly traded however, the Manager may also invest a portion of the Fund's assets in securities that are not quoted and not regularly traded. Not more than 15% of the Fund's assets may be invested in unquoted securities.

Normally, the Fund's assets may be invested in fixed income and equity instruments. However, the diversification of investments for the Fund, including the allocation between corporate and governmental issues, currencies and geographical areas may, subject to the provisions of any regulatory authority, be varied by the Manager from time to time. The Manager however, is required by By-Law No. 4 to follow an investment policy designed to ensure risk diversification.

In particular, the Manager may not invest more than 5% of the Fund's assets in securities issued by any one company nor more than 10% of the Fund's assets in any one mutual fund (provided however that in respect of mutual funds forming part of the Sagicor family of funds not more than 7.5% of the Fund's assets may be invested in each fund of the Sagicor family of funds.). There is no limitation however on investments in Government Securities denominated in local or international currencies. In appropriate circumstances, existing positions in the Fund may be hedged

against adverse political, fiscal or exchange control risks, market activity or adverse movement in interest rates.

RESTRICTION ON INVESTMENT

The Fund may not enter into any derivative transaction and forward currency transaction for speculative purposes but it may invest in hedge funds whose primary investment strategy is not speculative but who otherwise may engage in investing in derivative and forward currency transactions.

The Fund is not restricted from investing in quoted securities issued by Sagicor Financial Corporation but any such investment must be disclosed to the Securities Commission within 7 business days of the acquisition or sale of any such securities and such investment shall not exceed 5% of the Fund's assets.

Modification of the investment policy and limitations requires approval of the Custodian Trustee and consent by ordinary resolution of the Series C and CU Select Growth Fund Shareholders.

RESTRICTION ON BORROWING

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 borrowing limit shall be an amount equal in value to 30% of the Fund's assets. The Fund may mortgage, pledge or hypothecate such portion of its assets as may be required to secure such borrowing.

RISK

It is the objective of the Fund to maximise positive total returns on the investments of the Fund. However, there is no guarantee that the 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's shares.

Because the Fund will invest at least 75% of its assets in other funds, the value of your investment will fluctuate in response to the performance of those underlying funds.

When the Fund invests in mutual funds that own equities, the value of your investment in the Fund will fluctuate in response to stock market

movements.

When the Fund invests in mutual funds that own fixed interest securities, the value of your investment in the Fund will fluctuate with changes in interest rates. A fall or rise in general interest rates has several ramifications.

For example in the bond market, there is an inverse relationship between the price of the debt instrument and the yields on a bond. When there is a rate cut in market driven economies, yields on debt instruments fall. In such a case, there is an increase in the prices of bonds and similar securities. Debt-oriented funds, which hold these bonds and securities, see their net asset value (NAV) of the fund rise. On the other hand when there is an increase in general interest rates, yields on debt instruments rise and in such circumstances there is a reduction in the prices of bonds and similar securities and the Debt-oriented funds which hold those bonds and securities will see the net asset value of the fund fall.

When the Fund invests in mutual funds that invest in gold and other precious metals and minerals, the value of these underlying mutual funds can be particularly sensitive to unpredictable monetary policies and economic and political developments such as currency devaluations or revaluations; increased environmental costs; concentration of the sources of the supply of gold and these other metals and minerals and control over their sale; changes in foreign tax, currency or mining laws; and trade restrictions between countries.

When the Fund invests in mutual funds that use margin, leverage, short sales and other forms of financial derivatives, such as options and futures, an investment in the Fund may be more volatile than investments in other mutual funds. Short sales may be considered a speculative investment and may cause the Fund to lose money if the value of a security sold short by an underlying fund in which the Fund invests, does not go down as the managers expect.

Investing through the Fund in an underlying portfolio of mutual funds involves certain additional expenses. By investing indirectly in mutual funds through the Fund, you may bear not only your proportionate share of the Fund's expenses (including operating costs and investment advisory and administrative fees), but also, indirectly, similar expenses and charges of the underlying mutual funds in which the Fund invests.

If the Manager does not accurately, predict changing market conditions and other economic factors, the Fund's assets might be allocated in a manner that is disadvantageous, resulting in a decrease in the value of the Fund's shares.

The underlying money market funds in which Funds may invest are usually not insured or guaranteed. Although these underlying money market funds seek to preserve the value of the Fund's investment in them

at BDS\$1.00 per share, par value, it is possible for the Fund to lose money.

Like any other fund, loss of money is a risk of investing. The Investment Manager is however required to follow a policy of risk diversification (see under "Investment Policy and Limitations" above) so as to spread risk.

There are also restrictions on the Fund's ability to borrow money. The Investment Manager is further restricted from directly 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 by any other authority. Any investment in the Fund is therefore 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 unlimited number of Series C and Series CU Redeemable Shares in Sagicor Funds Incorporated, referred to herein as Sagicor Select Growth 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. The initial offer price, or the amount representing the net asset value per share on purchases made after the initial offering, is payable in full on application.

All applications are made solely on the basis of the information and representations made, are subject to the terms and conditions set out in this prospectus and in By-Law no. 4 annexed hereto as Appendix 2 and upon the accompanying application form (inserted in the back cover hereof) or obtainable from Sagicor Funds Incorporated or its agents.

The Application List for subscriptions at the initial offer price of BDS\$1.00 or US\$.51 cents per share opened at 9:00 am on December 2, 2004 and remained open until 12 Noon on December 31, 2004. Thereafter investors continued to purchase Fund Shares at the net asset value of the Fund.

TERMS AND CONDITIONS OF THE OFFER

An application from a person resident outside Barbados to purchase Select Growth Fund Shares will, on receipt of the necessary funds in United States dollars be processed for accounting purposes as if the remittance was converted into BDS dollars at the then par rate of exchange, (currently US\$0.51 for BDS\$1 for the purchase of shares). The price of the Fund Shares so purchased, or to be purchased, will be quoted to, and paid for by, any such person in US dollars on the basis of such computation and the shares to be issued therefor shall be Series CU Shares.

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

By completing and delivering an application form for the purchase of Fund Shares together with payment for the Shares for which application is made, you

- (a) offer to purchase the number of Select Growth 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. 4 of the Company;
- (b) authorize 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 names(s) of any other joint applicants) on the Register of Members of the Company 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 there from, 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) confirm that you have read the Prospectus pertaining to the Shares for which application is made;
- (k) 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.

WHO MAY WANT TO INVEST

Sagicor Select Growth Fund may be appropriate for investors who:

- are seeking long term growth potential;
- are seeking to diversify their portfolio;
- are investing with a long term horizon;
- are willing to accept an element of higher short term risks and a moderate degree of share price fluctuation;
- are seeking access to markets that are often less accessible to individual investors.

Sagicor Select Growth Fund may not be appropriate for investors who:

- are investing to meet short-term financial goals;
- are unwilling to accept an element of higher short term risks and a moderate degree of share-price fluctuation.

FEES AND EXPENSES

ANNUAL CHARGE

The Investment Management Fee will be calculated on the net asset value of the Fund. This fee is equivalent to 0.75% per annum of the net asset value of the Fund.

The Custodian Fee will be calculated on the net asset value of the Fund. This fee is equivalent to 0.25% per annum of the net asset value of the Fund.

OTHER CHARGES

There shall be a sales charge of 2% payable on all investments made into the Fund. 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.

DISTRIBUTIONS

It is not the policy of the Fund nor does it intend to make cash distributions to shareholders. Subject to any investment or professional advice to the contrary, all income and capital gains derived by the Fund will be re-invested.

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, 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 Barbados. In calculating the assessable income of the Fund for tax purposes, the Income Tax Act 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 Company's Class "C" and "CU" 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 Select Growth 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 \$200 (US \$102))

- **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 immediate 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 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 \$200 per company/security, you can complete a dividend and interest mandate form and have such dividends or interest paid directly to the Company in exchange for an equivalent value of Fund Shares based on the value of the Fund at the immediate next valuation date after receipt by the Company of the mandated dividend or interest payment.

PROCEDURE FOR APPLICATION

1. Complete and send in an application form. (You will find a copy at the back of this Prospectus). 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 the date the application is received by the Company; but all Shares purchased in the same names(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 – SSGF a/c**” or “**Sagicor Select Growth Fund**”.
4. Applications MUST be made on official Application Forms, and 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, Collymore Rock, St. Michael, Barbados
 - Barbados Branch, 1st Avenue, Belleville, St. Michael, Barbados
 - Sagicor Financial Centre, 16 Queens Park West, Port of Spain, Trinidad.
 - The Sagicor Building, De Verteuil and Penco Streets, Chaguanas, Trinidad
 - Independence Ave, San Fernando, Trinidad
 - Scarborough Mall, Scarborough, Tobago.
 - Trinidad and Tobago Chamber of Commerce Building, Columbus Circle, Westmoorings, Trinidad.
 - Port of Spain Branch, 37 Wrightson Road, Port of Spain, Trinidad.

- c. Bank of Butterfield (Barbados) Limited at any of the following locations:
- The Mutual Building, Lower Broad Street, Bridgetown
 - Sagicor Financial Centre, Lower Collymore Rock, St. Michael, Barbados
 - JB's SuperCentre, Sargeants Village, Christ Church, Barbados
 - Big B SuperCentre, Worthing, Christ Church, Barbados
5. Applications MUST be accompanied by a remittance for the total amount payable on application and each application must be accompanied by a separate remittance.
 6. All cheques are liable to be presented for payment on receipt, and Sagicor Funds Incorporated reserves the right to accept or reject any application in whole or in part.
 7. Subscriptions from residents of Barbados within the meaning of the Exchange Control Act of Barbados Chapter 71 of the Law of Barbados for Select Fund Shares must be in Barbados currency. The minimum initial subscription by any one applicant is BDS \$500.00.
 8. Subscriptions from non-residents of Barbados within the meaning of the said Exchange Control Act must be in United States Currency. The minimum initial subscription by any one non- resident applicant is 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 under initial sales charge on page 9. 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 ten (10) 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 pm 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 Queens Park West, Port of Spain, Trinidad.

or at 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 CU 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 Terrorism (Prevention and Control) Act of Barbados and the 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 CU 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\$ (currently US\$0.50 for BDS\$1 for the redemption of shares). 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 the provisions of any regulatory authority, 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 33% of the Fund's 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 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.

Payment will be made in the name of the registered Fund Shareholder or in the case of joint holders of 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 authority, compulsorily redeem such Shares in accordance with the provisions of By-Law No. 4.

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) (as indicated on page 17 under the sub-caption 'Other Charges') 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.

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.

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 business 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



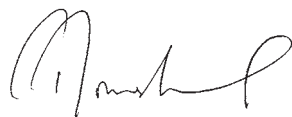
SAGICOR FUNDS INCORPORATED
BALANCE SHEET

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

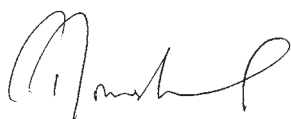
BALANCE SHEET

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

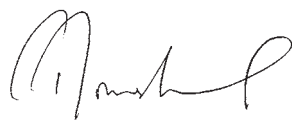
BALANCE SHEET

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 |

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

DECEMBER 31, 2005

*(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 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. 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 an above average total return over the long term consistent with the preservation of capital through investments primarily in a diversified portfolio of securities and other mutual funds with growth strategies.

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 Funds' 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, 2005

(Expressed in Barbados Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Changes in IFRS

The introduction of new IFRSs and revisions to IASs affects the Funds from the 2005 reporting year. These changes affect how items are presented in the financial statements, the disclosures made in the notes to the financial statements and how certain items are accounted for.

The relevant revised standards are as follows:

| | |
|--------|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| IAS 10 | Events after the Balance Sheet Date |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 24 | Related Party Disclosures |
| IAS 31 | Interests in Joint Ventures |
| IAS 32 | Financial Instruments: Disclosure and Presentation |
| IAS 36 | Impairment of Assets |
| IAS 39 | Financial Instruments: Recognition and Measurement |
| IAS 40 | Investment Property |

These have resulted in several overall changes in presentation and in the consequential restatement of 2004 comparative amounts.

A summary of the changes significantly affecting the Funds are set out below.

(i) Changes to IAS 1 – Presentation of Financial Statements

As a result of the adoption of this revised standard a note on critical accounting estimates and judgements has been included in Note 3.

(ii) Changes to IAS 24 – Related party disclosures

The revisions to this standard have affected the identification of related parties and consequently the disclosures made.

(iii) Changes to IAS 39 – Financial Instruments: Recognition and Measurement

The revisions to this standard affected the categories of financial assets for recognition and measurement purposes. The Funds redesignated their available-for-sale (AFS) financial instruments as financial investments at fair value through income. Fair value gains and losses on AFS instruments were previously recognised in income. Up to December 2004, the Funds classified certain investments as originated loans (carried at amortised cost). The changes to IAS 39 have resulted in the Funds reclassifying these investments as loans and receivables (carried at amortised cost).

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the Funds operate (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 in 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.

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

| | December | | December | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 closing rate | 2005 average rate | 2004 closing rate | 2004 average rate |
| Eastern Caribbean dollar | 1.35 | 1.35 | 1.35 | 1.35 |
| Jamaica dollar | 31.19 | 31.12 | 30.73 | 30.58 |
| Trinidad & Tobago dollar | 3.15 | 3.13 | 3.14 | 3.14 |
| United States dollar | 0.50 | 0.50 | 0.50 | 0.50 |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

*(Expressed in Barbados Dollars)***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.3 Financial assets**

The Funds classify their 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 and form part of a managed portfolio, whose performance is evaluated on a fair value basis, in accordance with a documented investment strategy. These investments are measured initially at cost and are subsequently re-measured at their fair value based on quoted prices or internal valuation techniques. Realised and unrealised gains and losses are recorded in income.

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

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost less provision for impairment.

An interest bearing asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for such assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate. 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 recognized, 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, 2005

*(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 (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% per annum of the value of the assets under their custody. This fee is payable semi-annually.

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.

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

*(Expressed in Barbados Dollars)***3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The development of estimates and the exercise of judgement 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 and liabilities by currency are set out in note 15.

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

DECEMBER 31, 2005

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

The Funds are exposed to interest rate risk.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new 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 investments can be predicted with a high level of certainty.

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

4. RISK MANAGEMENT (continued)**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 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

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(Expressed in Barbados Dollars)

4. RISKMANAGEMENT (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

| | 2005 \$ | 2004 \$ |
|---------------------------------------|------------|------------|
| Sagicor Global Balanced Fund | | |
| Bond proceeds receivable | - | 1,235,265 |
| Other | 18,816 | - |
| | 18,816 | 1,235,265 |
| Sagicor Preferred Income Fund | | |
| Other | 2,268 | - |
| | 21,084 | 1,235,265 |
| Total Fund accounts receivable | 21,084 | 1,235,265 |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS

7.1 Analysis of financial investments

| | 2005 \$ | 2004 \$ |
|--|-------------------------|-------------------------|
| | Fair value | Fair value |
| Sagicor Global Balanced Fund | | |
| Securities at fair value through income | | |
| Debt securities | 15,708,936 | 14,144,862 |
| Equity securities | 57,545,859 | 49,368,020 |
| | 73,254,795 | 63,512,882 |
| Loans and other receivables | | |
| Demand and term deposits | 1,399,856 | 3,759,192 |
| | 74,654,651 | 67,272,074 |
| | Amortised Cost \$ | Amortised Cost \$ |
| | 2005 \$ | 2004 \$ |
| | Fair value | Fair value |
| Sagicor Preferred Income Fund | | |
| Securities at fair value through income | | |
| Debt securities | 13,683,348 | 2,843,525 |
| Equity securities | 1,848,340 | - |
| | 15,531,688 | 2,843,525 |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.1 Analysis of financial investments (continued)

| | 2005 \$ | 2004 \$ |
|---|--------------------|-------------------|
| | Fair value | Fair value |
| Sagicor Select Growth Fund | | |
| Securities at fair value through income | | |
| Debt securities | 463,214 | - |
| Equity securities | 21,323,983 | 4,455,769 |
| | 21,787,197 | 4,455,769 |
| Total Fund financial investments | 111,973,536 | 74,571,368 |
| | 2005 \$ | 2004 \$ |
| Debt securities comprise: | | |
| Sagicor Global Balanced Fund | | |
| Government debt securities | 13,424,317 | 12,329,493 |
| Corporate debt securities | 2,284,619 | 1,815,369 |
| | 15,708,936 | 14,144,862 |
| Sagicor Preferred Income Fund | | |
| Government debt securities | 8,213,484 | 2,805,550 |
| Corporate debt securities | 5,469,864 | 37,975 |
| | 13,683,348 | 2,843,525 |
| Sagicor Select Growth Fund | | |
| Corporate debt securities | 463,214 | - |

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.2 Significant concentrations

| | 2005 | 2004 |
|--|-------|-------|
| Sagicor Global Balanced Fund | | |
| Securities at fair value through income | | |
| Equity securities: | | |
| Goddard Enterprises Limited | 8.5% | - |
| McEneaney Alston | 5.1% | - |
| RBTT Financial Holdings Limited | 5.7% | 14.5% |
| Sagicor Preferred Income Fund | | |
| Securities at fair value through income | | |
| Debt securities: | | |
| Arawak Cement Co. Limited | 7.4% | - |
| Government of Barbados Debenture 2017 | 7.1% | - |
| Government of St. Kitts # 20 | 11.0% | 56.3% |
| Princess Juliana Bond | 6.4% | - |
| Government of St Kitts Air and Sea Port | 3.7% | 19.1% |
| Government of St. Kitts # 17 | 1.1% | 5.5% |
| Government of St. Kitts Fixed rate note | 2.2% | 15.3% |
| Equity securities: | | |
| McEneaney Alston | 7.5% | - |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.3 Effective interest rates

Sagicor Select Growth Fund

Securities at fair value through income

Equity securities:

| | | |
|---|-------|-------|
| Barbados Shipping & Trading Co. Limited | 10.2% | - |
| Goddard Enterprises Limited | 14.4% | - |
| McEanearney Alston | 11.4% | - |
| RBTT Financial Holdings Limited | 7.8% | - |
| West India Biscuit Company Limited | 6.4% | - |
| Paulson Access Limited | 2.6% | 12.0% |
| Standard & Poors | 1.6% | 54.3% |
| Vega Access Limited | 2.2% | 11.9% |

2005 **2004**

Sagicor Global Balanced Fund

| | | |
|--------------------------|------|------|
| Debt securities | 7.7% | 9.3% |
| Demand and term deposits | 8.2% | 8.1% |

Sagicor Preferred Income Fund

| | | |
|-----------------|-------|------|
| Debt securities | 10.1% | 0.2% |
|-----------------|-------|------|

Sagicor Select Growth Fund

| | | |
|-----------------|------|------|
| Debt securities | 6.0% | 0.2% |
|-----------------|------|------|

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles

| | 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, 2005

(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, 2005

(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, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

| | December 31, 2004 | | | | |
|---|---------------------------------------|--|--|-------------------------------|-------------------|
| | 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 | - | - | - | 3,681,903 | 3,681,903 |
| Financial investments | 7,487,427 | 5,004,584 | 5,412,043 | 49,368,020 | 67,272,074 |
| Cash resources | 4,648,394 | - | - | - | 4,648,394 |
| Total assets | 12,135,821 | 5,004,584 | 5,412,043 | 53,049,923 | 75,602,371 |
| Liabilities | | | | | |
| Total liabilities (excluding net assets attributable to fund shareholders) | - | - | - | 1,663,468 | 1,663,468 |
| Interest rate sensitivity gap | 12,135,821 | 5,004,584 | 5,412,043 | | |

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

| | December 31, 2004 | | | | |
|---|---------------------------------------|--|--|-------------------------------|------------------|
| | 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 | - | - | - | 1,292,067 | 1,292,067 |
| Financial investments | 37,975 | 550,892 | 2,254,658 | - | 2,843,525 |
| Cash resources | 5,795,197 | - | - | - | 5,795,197 |
| Total assets | 5,833,172 | 550,892 | 2,254,658 | 1,292,067 | 9,930,789 |
| Liabilities | | | | | |
| Total liabilities (excluding net assets attributable to fund shareholders) | - | - | - | 504,792 | 504,792 |
| Interest rate sensitivity gap | 5,833,172 | 550,892 | 2,254,658 | | |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.4 Maturity profiles (continued)

| | December 31, 2004 | | | | |
|---|---------------------------------------|--|--|-------------------------------|-------------------|
| | 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 | - | - | - | 200,012 | 200,012 |
| Financial investments | - | - | - | 4,455,769 | 4,455,769 |
| Cash resources | 8,992,364 | - | - | - | 8,992,364 |
| Total assets | 8,992,364 | - | - | 4,655,781 | 13,648,145 |
| Liabilities | | | | | |
| Total liabilities (excluding net assets attributable to fund shareholders) | - | - | - | - | - |
| Interest rate sensitivity gap | 8,992,364 | - | - | | |

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.5 Market exposure

| | 2005 | | 2004 | |
|--|------------------|-------------------|------------------|-------------------|
| | Fair value \$ | % of portfolio | Fair value \$ | % of portfolio |
| Sagicor Global Balanced Fund | | | | |
| Securities at fair value through income | | | | |
| Debt securities | | | | |
| Bonds | 15,708,936 | 21.0% | 14,144,862 | 21.0% |
| Equity securities | | | | |
| Common shares | 46,871,008 | 62.8% | 38,060,475 | 56.6% |
| Mutual funds | 10,674,851 | 14.3% | 11,307,545 | 16.8% |
| | 57,545,859 | 77.1% | 49,368,020 | 73.4% |
| Loans and other receivables | | | | |
| Demand and term deposits | 1,399,856 | 1.9% | 3,759,192 | 5.6% |
| | 74,654,651 | 100.0% | 67,272,074 | 100.0% |
| Sagicor Preferred Income Fund | | | | |
| Securities at fair value through income | | | | |
| Debt securities | | | | |
| Treasury bills | 500,000 | 3.2% | - | |
| Bonds | 13,183,348 | 84.9% | 2,843,525 | 100.0% |
| | 13,683,348 | 88.1% | 2,843,525 | 100.0% |
| Equity securities | | | | |
| Common shares | 1,848,340 | 11.9% | - | - |
| | 15,531,688 | 100.0% | 2,843,525 | 100.0% |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.5 Market exposure (continued)

| | Fair value \$ | 2005 % of portfolio | Fair value \$ | 2004 % of portfolio |
|--|------------------|---------------------------|------------------|---------------------------|
| Sagicor Select Growth Fund | | | | |
| Securities at fair value through income | | | | |
| Debt securities | | | | |
| Bonds | 463,214 | 2.1% | - | - |
| Equity securities | | | | |
| Common shares | 16,548,309 | 76.0% | 3,480,785 | 78.1% |
| Mutual funds | 4,775,674 | 21.9% | 974,984 | 21.9% |
| | 21,323,983 | 97.9% | 4,455,769 | 100.0% |
| | 21,787,197 | 100.0% | 4,455,769 | 100.0% |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

7. FINANCIAL INVESTMENTS (continued)

7.6 Geographical distribution of investments

The Funds' investments are distributed geographically as follows:

| | 2005 | 2004 |
|--------------------------------------|--------|--------|
| Sagicor Global Balanced Fund | | |
| Local | 37.8% | 24.2% |
| Regional | 36.1% | 45.6% |
| International | 26.1% | 30.2% |
| | 100.0% | 100.0% |
| Sagicor Preferred Income Fund | | |
| Local | 39.8% | - |
| Regional | 40.2% | 100.0% |
| International | 20.0% | - |
| | 100.0% | 100.0% |
| Sagicor Select Growth Fund | | |
| Local | 47.2% | - |
| Regional | 19.2% | 21.9% |
| International | 33.6% | 78.1% |
| | 100.0% | 100.0% |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

8. CASH RESOURCES

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

| | 2005 \$ | 2004 \$ |
|--------------------------------------|------------|------------|
| Sagicor Global Balanced Fund | | |
| Butterfield Bank | 3,016,510 | 2,544,924 |
| Merrill Lynch | 460,647 | 1,453,479 |
| Sagicor Preferred Income Fund | | |
| Butterfield Bank | 355,718 | 5,795,197 |
| Oppenheimer & Co Inc | 346,205 | - |
| Sagicor Select Growth Fund | | |
| Butterfield Bank | 1,557,252 | 8,992,364 |

SAGICOR FUNDS INCORPORATED

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9. ACCOUNTS PAYABLE

| | 2005 \$ | 2004 \$ |
|--------------------------------------|----------------|----------------|
| Sagicor Global Balanced Fund | | |
| Redemptions payable | 82,623 | 223,705 |
| Other | 2,650 | 36,595 |
| | 85,273 | 260,300 |
| Sagicor Preferred Income Fund | | |
| Other | 500 | - |
| | 500 | - |
| Sagicor Select Growth Fund | | |
| Redemptions payable | 41,745 | - |
| Other | 8,658 | - |
| | 50,403 | - |
| Total Fund accounts payable | 136,176 | 260,300 |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Barbados Dollars)

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

| | 2005 | 2004 |
|---|-----------|-----------|
| | \$ | \$ |
| | <hr/> | |
| Common shares | | |
| Authorized | | |
| 1,000,000 common shares of no par value | | |
| Issued | | |
| 1,000,000 (2004 -1,000,000) common shares | 1,000,000 | 1,000,000 |
| | <hr/> | |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in Barbados Dollars)

12. INTEREST INCOME

| | 2005 \$ | 2004 \$ |
|--------------------------------------|------------|------------|
| Sagicor Funds Incorporated | 31,344 | - |
| Sagicor Global Balanced Fund | | |
| Debt securities | 1,120,635 | 1,337,380 |
| Demand and term deposits | 168,781 | 192,616 |
| | 1,289,416 | 1,529,996 |
| Sagicor Preferred Income Fund | | |
| Debt securities | 784,489 | 3,147 |
| Sagicor Select Growth Fund | | |
| Debt securities | 25,543 | - |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

*(Expressed in Barbados Dollars)***13. NET GAINS ON FINANCIAL INVESTMENTS**

| | 2005 \$ | 2004 \$ |
|--|------------------|------------------|
| Sagicor Global Balanced Fund | | |
| Realised | | |
| Gain on sale of financial investments | 4,790,352 | 541,743 |
| Unrealised | | |
| Net unrealised (losses)/gains on financial investments at fair value through income | (512,286) | 8,639,261 |
| | <u>4,278,066</u> | <u>9,181,004</u> |
| Sagicor Preferred Income Fund | | |
| Realised | | |
| Loss on sale of financial investments | (183,359) | - |
| Foreign exchange loss | (6,132) | (5,462) |
| Unrealised | | |
| Net unrealised gains on financial investments at fair value through income | 451,232 | 44,038 |
| | <u>261,741</u> | <u>38,576</u> |
| Sagicor Select Growth Fund | | |
| Realised | | |
| Loss on sale of financial investments | (151,993) | (22) |
| Foreign exchange loss | (63,938) | - |
| Unrealised | | |
| Net unrealised gains on financial investments at fair value through income | 1,296,742 | 141,628 |
| | <u>1,080,811</u> | <u>141,606</u> |
| Total Fund net gains on financial investments | <u>5,620,618</u> | <u>9,361,186</u> |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

14. RELATED PARTY TRANSACTIONS

(a) Material related party transactions:

| | 2005 \$ | 2004 \$ |
|--------------------------------------|------------|------------|
| Sagicor Global Balanced Fund | | |
| Management fee | 1,358,139 | 1,199,424 |
| Custodian fee | 194,020 | 171,346 |
| Sagicor Preferred Income Fund | | |
| Management fee | 93,195 | - |
| Custodian fee | 31,065 | - |
| Sagicor Select Growth Fund | | |
| Management fee | 154,386 | - |
| Custodian fee | 44,931 | - |

(b) Shares held by related parties

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

| | 2005 | 2004 |
|--------------------------------------|-----------|-----------|
| Sagicor Global Balanced Fund | | |
| Sagicor Life Inc | | |
| Number of shares held at December 31 | 5,045,228 | 5,045,228 |

SAGICOR FUNDS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

14. RELATED PARTY TRANSACTIONS (continued)

| | 2005 | 2004 |
|--------------------------------------|-----------|-----------|
| Sagicor Preferred Income Fund | | |
| Sagicor Life Inc | | |
| Number of shares held at January 1 | 1,000,000 | - |
| Net share transactions for the year | - | 1,000,000 |
| 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 January 1 | 1,000,000 | - |
| Net share transactions for the year | - | 1,000,000 |
| Number of shares held at December 31 | 1,000,000 | 1,000,000 |

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY

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

DECEMBER 31, 2005

*(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 |

SAGICOR FUNDS INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

(Expressed in Barbados Dollars)

15. ASSETS AND LIABILITIES BY CURRENCY (continued)

Balances denominated in

| | 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 |



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

Auditors:

PricewaterhouseCoopers
The Financial Services Centre
Bishops Court Hill
St. Michael, Barbados

Administrator:

Sagicor Funds Incorporated
Sagicor Corporate Centre
Wildey
St. Michael, Barbados

Bankers:

Butterfield Bank (Barbados) Limited
Mutual Building
Lower Broad Street
Bridgetown, Barbados

**Manager and
Investment Adviser:**

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

Legal Advisers:

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

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

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. 4 (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 appointment of the Manager will be for a period of 3 years commencing September 10, 2004 and continues thereafter unless determined by 3 months written notice.

CUSTODIAN TRUSTEE

The Custodian Trustee is Sagicor Life Inc., a corporation incorporated by statute in Barbados and reincorporated 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 Life Inc.'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 sales charge.

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 & Tobago
- Any branch of Bank of Butterfield (Barbados) Limited
- Any member or broker of the Barbados Stock Exchange

DIRECTORS:

Dr. Marjorie Patricia Downes-Grant
7A Edgehill Heights
St. Thomas, Barbados
**President and 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 and 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:

Miss 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
Willey
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 am to 3:00 pm:

- By-Law No. 4 of Sagicor Funds Incorporated
- The audited financial statements of Sagicor Funds Incorporated
- The contract for the appointment of the Manager and Investment Advisor
- 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

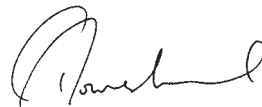
Any extracts included in this Prospectus from referenced sources were not prepared for specific inclusion in this Prospectus.

- 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., Merrill Lynch, PricewaterhouseCoopers, Mr. Barry Gale Q.C. and

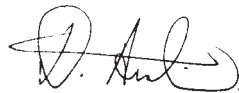
Hobsons have all given and have not withdrawn their written consent to the inclusion of their names in this Prospectus in the form and context in which they are included.

- 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
- The Appendices 3 and 4 which follow are included for investor's general information. However, they 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.



Marjorie Patricia Downes-Grant



Donald St. Clair Austin



Richard Owen Byles



Dodridge Denton Miller



Grenville Winslow Phillips

This Prospectus is dated October 20, 2006

APPENDIX 1

EXTRACT FROM THE INCOME TAX ACT

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 within 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. 4**

A by-law relating generally to
the administration of and matters pertaining to

SAGICOR SELECT GROWTH 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 Select Growth Fund Shares of the Company.
- (b) “Select Fund” or “Sagicor Select Fund” means SAGICOR SELECT GROWTH 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 Sagicor Select Growth 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 “Series C” or “CU Shares” in Sagicor Funds Incorporated, and “Fund Shareholders” shall collectively and exclusively mean all the holders of such Shares.
- (j) “Fund Shares” or “Shares” means the “Series C” and/or the “Series CU Redeemable Shares” of the Company entitling the holders thereof to an interest in Sagicor Select Growth 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 Fund.
- (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 as approved by the Securities Commission of Barbados.

- (n) “Recognised Stock Exchange” or “Stock Exchange” means the Barbados Stock Exchange 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 between 22nd December and 3rd January inclusive and the Manager may substitute another day of the week as Valuation Day).

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 structured to promote and administer one or more open-end mutual funds and is authorised to issue an unlimited number of redeemable Select Fund Shares, as well as other redeemable shares to provide for the promotion of other mutual funds, all being of no par value.

3. DESCRIPTION OF FUND SHARES

- 3.1 All Select Fund Shareholders will have an interest in an undivided proportion of the net assets of the Select Fund, according to the number of Select Fund Shares each Shareholder owns.
- 3.2 Each Select 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 or the Custodian Trustee. For the purpose of this provision, securities held to the exclusive order of the Company or the Custodian Trustee by any federal insured financial institution or brokerage firm in Canada, The United States of America or the United Kingdom of Great Britain shall, as the circumstances may apply, be deemed to be vested in the Company or the Custodian.

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 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. The sales charge shall not form part of the Assets of the Fund.
- 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 C Shares”.
- 7.5:3 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 CU Shares”.
- 7.6 **Minimum Investment:** The minimum initial investment by way of subscription for Fund Shares by any one investor shall be BDS \$500 (US \$255) and the minimum for additional subscriptions shall be BDS \$200 (US \$102).
- 7.7 **Periodic Investment Plan:** A person who has satisfied the minimum investment requirement of BDS \$500 (US \$255) 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 \$200 (US \$102).
- 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 5 business 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 ten (10) 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 CU Shares remittance of the redemption proceeds will be made to that person (if not then resident in Barbados) in United States Dollars, and such payment will be made in accordance with the provisions contained in the offering document or prospectus pursuant to which the shares were offered.
- 8.5 In the event of unusual circumstances and the Company receives redemption requests within any 30 day period for more than 33% 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% 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.
- 9.2 **Annual Charge:** There shall be paid to the Investment Manager an annual charge of 0.75% 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 0.75%.
- 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 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%.
- 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, postage and printing and stationery costs.
- 9.6 **Increase of Charges:** Any increase in the fees and charges stipulated in this By-law No. 4 charged to the Fund shall require approval of the Fund's 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 amortized over a period not exceeding 3 years) and the costs of preparing any supplementary or substituted prospectus appertaining to the Fund.

- 10.3 Subject to any resolution of the Directors, the Custodian Trustee and Investment Manager 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), Manager(s), Investment Adviser(s), advisers, brokers and consultants 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, Manager, Investment Advisor, Advisor, broker or consultant 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 made by at least 5% of Fund Shareholders holding not less than 5% of the then issued and outstanding Fund Shares, for the removal of the Manager or Investment Manager or Custodian Trustee of the Fund shall require the approval by way of special resolution of the Fund's Shareholders.

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

- 12.1 The Company, Directors, 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 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. The Custodian Trustee and the Manager may also in their discretion require a signature guarantee to any document submitted to the Company by or on behalf of any Fund shareholder.

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 Custodian 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 Custodian 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. Where the Manager and the Investment Manager is one and the same person then the duties of the Manager shall include the duties of the Investment Manager.

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, other than brokerage fees and commissions earned on the purchase and sale of portfolio securities, 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 15% 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 5% of Fund Assets in securities issued by any one company nor more than 15% of the Fund's assets in any one mutual fund.
- 16.2:4 The Investment Manager may not directly enter into any derivative transaction and forward currency transaction for speculative purposes but it may invest in other funds that engage in derivative and forward currency transactions.

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 international stock exchanges.
- 16.3:2 Canadian, British and US Government securities, Investment Grade Corporate Bonds.
- 16.3:3 Equity securities of companies domiciled in the United States and other parts of the world 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, regional, or international 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, chooses 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.

16.3.8 Investments in other mutual funds, fund of funds, closed-end funds or investment companies, asset backed securities; money market instruments; real estate investment trust; technology and hedge funds; precious metals, minerals and commodities; and select equities.

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 by way of a special resolution of the Fund's Shareholders.

17. BORROWING POWERS OF THE INVESTMENT MANAGER

17.1 Subject to Clause 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 borrowing limit shall be an amount equal in value to 30% of the Fund's assets. The Fund may mortgage, pledge or hypothecate such assets as may be required 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 Manager/Investment Manager with the consent of the Custodian Trustee, or in the alternative where applicable the Custodian Trustee, with the consent of the directors 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 Directors, 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 Directors, 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. Neither the Directors nor the Custodian Trustee shall, save in relation to any act or omission in the keeping of securities by any person appointed as agent of the Directors or 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 Directors, Custodian Trustee, Manager 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 The Directors may each year on a date or dates to be determined by the Directors distribute to Fund Shareholders out of the Assets of the Fund, in proportion to the number of Shares held by each shareholder such dividends as the Custodian Trustee and Investment Manager may recommend as being appropriate. Such distributions may be made in cash, Fund Shares or other property, or a combination thereof, as determined by the Directors.
- 20.2 Notwithstanding the provisions of paragraph 20.1, it is not the intention of the Fund to make cash distributions.

21. INVOLUNTARY REDEMPTIONS

- 21.1 To relieve the Company of the cost of maintaining uneconomical accounts, the Manager may effect the redemption of the Fund Shares at the Net Asset Value, less any relevant redemption charge, of any Fund Shareholder where the Fund Shares of that shareholder (due to Fund Shareholder redemptions or otherwise) have a redemption value of less than BDS \$200 (US \$102). 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/she 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 person in breach of the Law or for 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, subject to the provision of any

regulatory authority, upon giving the Fund Shareholder thirty (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 three (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 Select 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 Company shall be valid for a period not 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 redemption request or 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 or by its Registrar & Transfer Agent within the period of its validity except upon an indemnity given by the Fund Shareholder in a form acceptable to the Directors.

24. CLASS MEETINGS

- 24.1 **Quorum:** Whenever the circumstances require that a meeting of the Select 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 permitted fees and charges charged to the Fund, to impose fees that are not provided for in the constitutive document, 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 Select Fund with any other mutual fund shall require approval by way of special resolution of Fund Shareholders.
- 25.2 **Reconstruction:** Any proposal by the Directors for the reconstruction of the Company shall require approval by way of special resolution 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 by way of a special resolution 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 nor in the assets belonging to any other fund.
- 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 there out 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 20 cents 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, was MADE by resolution of the directors on the 19th day of October, 2004, and CONFIRMED by resolution of the holders of the common shares in the Company on the 19th day of October, 2004.

ORIGINAL SIGNED

BY



Chairman

ORIGINAL SIGNED

BY



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.

APPENDIX 4

INVESTMENT GLOSSARY

We partner with you in the management of your investments. As an active investor you will no doubt, from time to time, be reading articles in the financial press. As you do so, you may encounter words and terms used by financial analyst and those who write on business matters which may not be quite familiar. We hope that you will find the Glossary useful.

Arbitrage is the practice which attempt to exploit and profit from temporary price discrepancies between similar securities or commodities traded on two or more markets through buying the cheaper one and selling short the more expensive one. There are other forms of arbitrage which entail varying degrees of risks.

Asset-backed Securities are securities backed by unsecured debt, such as credit card debt; these securities are often guaranteed or over-collateralized to enhance their credit quality. *Credit and interest rate risks are the principal risks.*

Bear Markets represent a prolong period of falling prices. A bear market in stocks is usually brought on by the anticipation of declining economic activity, and a bear market in bonds is caused by rising interest rates.

Bull Markets represent a prolong rise in the prices of stocks, bonds or commodities. Bull markets usually last for several months and sometimes years and are characterised by high trading volumes.

Convertible Securities are debt or equity securities which may be converted on specified terms into stock (shares) of the issuer. *Market, interest rate, prepayment and credit risks are the principal risks.*

Credit Risk means that the issuer of a security or the counterparty to an investment contract may default or become unable to pay its obligations when due.

Currency Contracts involve the right or obligation to buy or sell a given amount of foreign currency at a specified price and future date.

Currency Risk happens when a Fund, or the underlying entities in which a Fund invests, buy or sell a security denominated in foreign currency. Foreign currencies generally “float” in value against the U.S. dollar.

Adverse changes in foreign currency value can cause investment losses when the Fund’s, or the underlying entities, investments are converted to U.S. dollars or to a currency pegged to the US dollar.

Defensive Measures is the procedure taken when the Manager of the Fund, or the underlying entities in which the Fund invests, believes it is warranted due to market conditions. When this happens, the Fund, or the underlying entities in which the fund invests, may increase their investment in government securities and other short-term securities without regard to the Fund’s, or the underlying entities investment restrictions, policies or normal investment emphasis. As a result, the Fund, or the underlying entities in which the Fund invests, may be unable to achieve their investment objectives. Opportunity risk is the principal risk.

Diversification means a diversified fund may not, with respect to at least 75% of its assets, invest more than 5% (*usually 10% for the Caribbean*) in the securities of one company. A non-diversified fund may be more volatile than a diversified fund because it invests more of its assets in a smaller number of companies and the gains or losses on a single stock will therefore have a greater impact on the fund’s share price. Sagicor Select Growth Fund is a diversified fund, although it may invest more than 5% of its assets in another mutual fund.

Extension Risk means the risk that an unexpected rise in interest rates will extend the life of a mortgage-backed security beyond the expected prepayment time, typically reducing the security’s value.

Financial Futures and Options; Securities and Index Options are contracts involving the right or obligation to deliver or receive assets or money depending on the performance of one or more assets or an economic index.

Foreign Securities are issued by foreign governments or companies located outside of the host country of the Fund. The Fund considers a company to be located outside of its host country if the principal securities trading market, for its equity securities, is located outside the host country or it is organized under the laws of, and has its principal office in, a country other than the host country. *Market, currency, transaction, liquidity, information and political risks are the principal risks.*

Forward Foreign Currency Contracts are privately negotiated contracts committing the holder to purchase or sell a specified quantity of a foreign currency on a predetermined future date. *Market, opportunity and leverage risks are the principal risks.*

Hedging Risk comes into play when the Fund, or the underlying entities in which the Fund invests, use a security whose value is based on an underlying security or index to “offset” the Fund’s or the underlying entities position in another security or currency. The objective of hedging is to offset potential losses in one security with gains in the hedge. But a hedge can eliminate or reduce gains as well as offset losses.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investor’s securities. When interest rates rise, the value of fixed-income securities will generally fall. Conversely, a drop in interest rates will generally cause an increase in the value of fixed-income securities. Longer-term securities are subject to greater interest rate risk.

Investment Grade Bonds are rated BBB (Standard & Poor’s) or Baa (Moody’s) or above. Bonds rated below investment grade are subject to greater credit risk than investment grade bonds. *Interest rate, prepayment, market and credit risks are the principal risks.*

- **Leverage Risk** is associated with securities or practices (such as borrowing) that multiply small index or market movements into large changes in value. If the Fund invests in underlying funds that use leverage, it will have the risks arising from the use of leverage.
- **Hedged** – when a derivative (a security whose value is based on another security or index) is used as a hedge against an opposite position that the Fund also holds, any loss generated by the derivative should be offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains.

- **Speculative** – To the extent that a derivative is not used as a hedge, the Fund is directly exposed to the risks of the derivative. Gains or losses from speculative positions in a derivative may be substantially greater than the derivative’s original cost.

Liquidity Risk occurs when investments cannot be sold readily. The Fund, or the underlying funds in which the Fund invests, may have to accept a less-than-desirable price to complete the sale of an illiquid security or may not be able to sell it at all.

Long or Long Position means ownership of a security, giving the investor the right to transfer ownership to someone else by sale or by gift; the right to receive any income paid by the security; and the right to any profits and losses as the security’s value changes.

Management Risk is the risk that a strategy used by the Fund’s management may fail to produce the intended result. This risk is common to all mutual funds.

Market Risk exists in all mutual funds and means the risk that the price of securities in a market, a sector, or an industry will fluctuate, and that such movements might reduce an investment’s value.

Mortgage-backed Securities are securities backed by pools of mortgages and other senior classes of collateralized mortgage obligations. Credit, extension, prepayment, liquidity, interest rate risks are the principal risks.

Non-investment Grade Debt Securities – debt securities rated below BBB/Baa, sometimes called “junk bonds,” generally have more credit risk than higher-rated securities. Companies issuing lower-rated securities are not as strong financially as those with higher credit ratings. These companies are more likely to encounter financial difficulties and are more vulnerable to changes in the economy, such as a recession or a sustained period of rising interest rates, which could prevent them from making interest and principal payments. The market price of lower-rated securities may fluctuate more than higher-rated securities, and lower-rated securities may be less liquid than higher-rated securities. Credit, market, interest rate, liquidity, valuation, information risks are the principal risks.

Opportunity Risk means missing out on an investment opportunity because the assets necessary to take advantage of it are committed to less advantageous investments or strategies.

Political Risk comes into play with investments, particularly foreign investments, which may be adversely affected by nationalization, taxation, war, government instability or other economic or political actions or factors.

Pre-emptive Rights If the constitutive documents of a company so provide, no shares of a class of shares may be issued unless the shares have first been offered to the shareholders of the company holding shares of that class. In such circumstances those shareholders have a pre-emptive right to acquire the offered shares in proportion to their holding of the shares of that class, at such price and on such terms as those shares are to be offered to others.

Prepayment Risk is the risk that, as interest rates fall, borrowers are more likely to refinance their debts. As a result, the principal on certain fixed income securities, including mortgage-backed securities, may be paid earlier than expected, which could cause investment losses and cause prepaid amounts to have to be reinvested at a relatively lower interest rate.

Repurchase Agreements mean the purchase of a security that must later be sold back to the issuer at the same price plus interest. *Credit risk is the principal risk.*

Sector Focus occurs when a significant portion of the Fund's assets are invested in a relatively small number of related industries. Funds will not normally concentrate more than 25% of their total assets directly in any one industry. However, if a Fund invests in underlying entities that concentrate investments in one or a small number of related industries, the Fund will have the risks arising from sector focus. *Sector focus may increase both market and liquidity risk.*

Short Sales means the selling of securities which have been borrowed on the expectation that the market price will drop and that the securities will be able to be bought back at a lower price at a later date.

Short-Term Trading means selling a security soon after purchase. If a Fund engages in short-term trading, you will normally have higher turnover and transaction expenses. Short-term trading may also result in short-term capital gains. *Market risk is the principal risk.*

Securities Lending means the lending of securities to financial institutions, which provide cash or government securities as collateral. *Credit risk is the principal risk.*

Small and Mid-sized Company Securities are securities issued by small or mid-sized companies, as measured by their market capitalization. Historically, smaller company securities have been more volatile in price than larger company securities, especially over the short-term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the market for such securities, and the greater sensitivity of smaller companies to changing economic conditions. In general, the smaller the company, the greater its risks. *Market, liquidity and information risks are the principal risks.*

Structured Securities means indexed and/or leveraged mortgage-backed and other debt securities, including principal-only and interest-only securities, leveraged floating rate securities and others. These securities tend to be highly sensitive to interest rate movements and their performance may not correlate to these movements in a conventional fashion. *Credit, interest rate, extension, prepayment, market, speculative leverage, liquidity, valuation risks are the principal risks.*

Transaction Risk means that a Fund, or the underlying funds in which a Fund invests, may be delayed or unable to settle a transaction or that commissions and settlement expenses may be higher than usual.

When Issued Securities and Forward Commitments involve the purchase and sale of securities for delivery at a future date, market value may change before delivery. *Market, opportunity and leverage risks are the principal risks.*

SAGICOR FUNDS INCORPORATED

(a)

**SUPPLEMENT TO PROSPECTUS
for
SAGICOR SELECT GROWTH FUND**

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

SAGICOR SELECT GROWTH 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 Kendrick Arthur Marshall, Executive, Vice-President and General Manager of Sagicor Life Inc in Trinidad and Tobago, of and whose address for service is 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 organized 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:

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: October 20, 2006

Signed: 

MARJORIE PATRICIA DOWNES-GRANT
DIRECTOR



SANDRA OSBORNE
SECRETARY

(duly authorised representatives of SAGICOR FUNDS INCORPORATED)

Dated: October 20, 2006

Signed: 

KENDRICK ARTHUR MARSHALL

(duly authorised Agent of SAGICOR FUNDS INCORPORATED)

**CERTIFICATE REGARDING USE OF THE PROSPECTUS
IN TRINIDAD AND TOBAGO**

Re: SAGICOR FUNDS INCORPORATED

SAGICOR SELECT GROWTH FUND

SAGICOR FUNDS INCORPORATED - SAGICOR SELECT GROWTH 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 SELECT GROWTH FUND**.

Dated: October 20, 2006

Signed:



SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR SELECT GROWTH FUND

Signed:



KENDRICK ARTHUR MARSHALL
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 SELECT GROWTH 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 SELECT GROWTH FUND SHARES IN
SAGICOR SELECT GROWTH FUND
5. Date of Prospectus (the "Prospectus") pursuant to which the Securities are offered:
October 20, 2006
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: October 20, 2006

SAGICOR FUNDS INCORPORATED
SAGICOR SELECT GROWTH FUND

By:



SANDRA OSBORNE
SECRETARY
SAGICOR FUNDS INCORPORATED

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

Dated: October 20, 2006

SAGICOR LIFE INC.: Agent

By:



KENDRICK ARTHUR MARSHALL
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 SELECT GROWTH FUND**

SAGICOR FUNDS INCORPORATED - SAGICOR SELECT GROWTH 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 SELECT GROWTH FUND.

Dated: October 20, 2006

Signed: 

SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR SELECT GROWTH FUND

Signed: 

KENDRICK ARTHUR MARSHALL
EXECUTIVE VICE PRESIDENT & GENERAL MANAGER
SAGICOR LIFE INC.

CERTIFICATE OF COMPLIANCE

**Re: SAGICOR FUNDS INCORPORATED
SAGICOR SELECT GROWTH FUND**

SAGICOR FUNDS INCORPORATED - SAGICOR SELECT GROWTH 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: October 20, 2006

Signed: 

SANDRA OSBORNE
SECRETARY

Duly authorised representative of: SAGICOR FUNDS INCORPORATED
SAGICOR SELECT GROWTH FUND

Dated: October 20, 2006

Signed: 

KENDRICK ARTHUR MARSHALL
EXECUTIVE VICE PRESIDENT & GENERAL MANAGER
SAGICOR LIFE INC.

NOTES



Sagikor

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

APPLICATION FOR PURCHASE OF SHARES

MUTUAL FUNDS

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 A.C.# (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

1. 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**

2. 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.

3. If this form is signed under power of attorney, such power, or a duly certified copy thereof, must accompany this form.

4. For joint holdings, signatures of all holders are required.

FOR OFFICIAL USE ONLY

TRANSACTION DATE: _____ / _____ / _____ PRICE AT WHICH SHARES WERE PURCHASED \$ _____ DATE _____ / _____ / _____

NUMBER OF SHARES PURCHASED: _____ CHECKED BY: _____

TOTAL VALUE OF SHARES PURCHASED \$ _____ APPROVED BY: _____

ACCOUNT NO: _____ 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 (H): _____ 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)

