

Investment save Sagicor funds

Date September 18, 2006

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While the majority of investments held by **Sagicor's** Global Balanced, Preferred Income and Select Growth funds were on local and regional markets, it was the international investments that contributed the most to the funds' collective net income of \$6.5 million.

According to the chairman of **Sagicor** Funds Inc., Dr Patricia Downes-Grant, in the recently circulated annual report for 2005, "the funds were positioned to take advantage of the positive momentum in some segments of the international markets but the lacklustre performance of regional equities inhibited growth.

"As a result, the international segment of the portfolios made the strongest contribution to overall returns and benefited from a diverse holding of securities and hedge fund exposure."

The proportion of international investments held by the **Sagicor** Global Balanced Fund was 26.1 per cent; 20 per cent for the **Sagicor** Preferred Income Fund's holdings; and 33.6 per cent for the **Sagicor** Select Growth Fund.

This is compared to the 73.9 per cent allocation to local and regional investments held by the Global Balanced Fund; the 59.8 per cent local and regional investments held by the Preferred Income Fund; and 66.4 per cent held by the Select Growth Fund.

Downes-Grant revealed that the funds managers had pared down the regional exposure of the funds, which held \$122.9 million in total assets by year-end, as the Jamaica and Trinidad and Tobago markets began to show signs of weakness.

In her closing comments, she stated: "The benefits of diversified portfolios will be a great asset for the funds in resisting extraneous risk and contributing to additional returns."

(CH)

Sagicor committed to corporate governance

Date June 13, 2005

Brief Sagicor committed to corporate governance

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**Sagicor** Financial Corporation, boasting assets of \$3.1 billion and operating in 21 countries including the United States, has committed itself to improved corporate governance.

Retiring chairman Colin Goddard said during the last financial year ending December 31, 2004, directors sought to review corporate governance across the group.

Furthermore, he said **Sagicor** had a solid reputation for sound legal, professional and ethical practices and it sought to protect this reputation through the establishment of an anti-money laundering (AML) programme to ensure compliance with laws and regulations.

He said this was to "prevent **Sagicor's** systems from being used as a conduit for laundering illegal funds or financing terrorist activities".

More important, **Sagicor's** chairman said the company had introduced an insider-trading policy.

Goddard told shareholders: "In keeping with our commitment to honesty and integrity, the board and senior management have developed a Group Corporate Policy on insider trading.

"We are committed to governing in compliance with the law, avoiding actual or apparent conflicts of interest and disclosing them when they arise, acting in good faith, objectively and confidentially where the need arises."

The company also hired American Beverly Sisson to the board of its American subsidiary, **Sagicor** Allnation; she is on top of the trends, issues and regulatory requirements in the US market.

## **Slower pace for Sagicor in 2006**

Monday, September 4th 2006

SAGICOR FINANCIAL

## CORPORATION

In 2005 Sagicor Financial Corporation (SFC) experienced the most successful financial year in its history, reporting growth in both its asset base and EPS of over 100 per cent. These exceptional results were largely the result of a series of acquisitions made during 2005. This momentum was not maintained in 2006. In the Group's recently released results for the six months ended June 30, 2006, SFC reported an EPS of B\$0.18, a decline of 48 per cent on the EPS of B\$0.35 reported over the same period in 2005.

The Group's Total Revenue increased by 0.7 per cent over the comparative period. While Net Premium Revenue grew credibly by 19 per cent to B\$361m, the overall flat performance of Total Revenue was the result of a fall in Net Investment and Other Income by 17 per cent from B\$314m to B\$261m. In the first half of 2005 the Group benefited from B\$39.1m in "one-off" gains arising from business combinations and acquisitions which were not repeated in 2006.

When these "one-off" gains are discounted from the previous year results Net Investment Income decreased to a lesser extent by 5.3 per cent. The remaining element of decline by Net Investment Income was due smaller realised gains on the Group's equity portfolio in the 1H06 than in 1H05. Realised gains fell due to the overall change in the climate of the major regional equity markets from positive returns a year ago to negative returns in the first half of 2006.

Overall Income from Ordinary Activities fell by 37 per cent to B\$86m. When the "one-off" gain from the previous year is discounted the decline is 11 per cent. The Group's operating margin, even when the gain is discounted, fell from 16.7 per cent to 13.8 per cent, indicating that the Group's expenses grew at a faster rate than its revenues. (See Exhibit 1). Compounding the decline in the Group's profits was the substantial increase in Taxation by 23 per cent, which led to Net Income for the Period falling by 42 per cent compared to 1H05.

The Group's major insurance businesses continue to maintain "A" ratings for their financial strength from the international rating agency AM Best. This confidence in the Group's financial stability and the Group's history of sound strategic management speaks well for its future. Given the current share price of \$12.85 and the forward P/E multiple of 9.2 times, we maintain our recommendation of BUY.