



FG FINANCIAL PENSIONS & INVESTMENTS

FG FINANCIAL DIVERSIFIED FUND

QUARTERLY REPORT FOR THE PERIOD ENDED MARCH 31, 2011

Investment Objective

FG Financial Diversified Fund is a balanced Fund whose objective is to provide above-average income and opportunities for long-term growth of capital and income. The Fund caters to investors with a moderate risk profile, and is well positioned to allow investors to reap the benefits of an upturn in the equities market while not suffering the full impact of losses during economic downturns.

Investment Strategy

FG Financial Diversified Fund seeks to provide a combination of growth, income and conservation of capital by investing in a combination of term deposits, mortgages, equities (listed and non-listed) and fixed income securities. The Fund may also invest in publicly traded or privately issued preference shares.

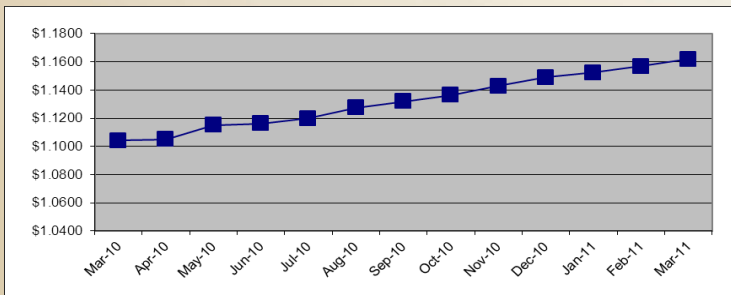
First Quarter 2011 Review

FG Financial Diversified Fund yielded 1.12% for the first quarter, ending with a net asset value (NAV) per share of \$1.1620, underperforming its benchmark, (prime rate plus 25 basis points), which reflected returns of 1.44%. The Fund's 12-month returns of 5.24% underperformed its benchmark returns of 5.75% by 51 basis points. The Fund's average annualized yield since inception approximates 5.40% compared to its benchmark, which reflected annualized returns of 5.75% over the same period.

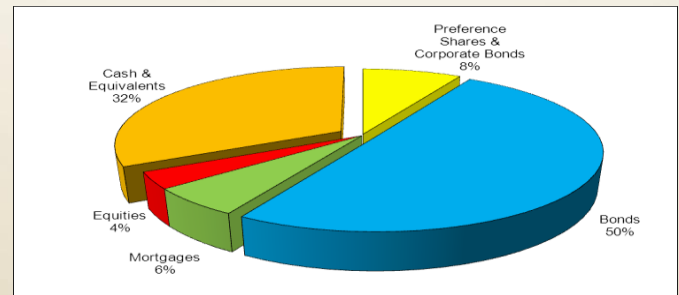
Year-to-date, the Fund's net assets remained relatively static as available funds were channeled to facilitate redemption requests. The Fund's investments in fixed income securities generated investment income totaling \$84,000, which provided adequate cushioning to mitigate the effects of the equities market where year-to-date small unrealized losses coupled with dividend income resulted in our equities portfolio yielding net returns of -4.01%. In an effort to boost our yields during the quarter, we channeled our available funds into investments in term deposits at attractive deposit rates.

The domestic economy continues to display stable trends stimulated by foreign investment projects and public-related construction activity. However, tourism output has softened, international oil prices have increased and the unemployment rate remains relatively high. Amidst, we will continue to aggressively seek new opportunities to enhance our yields by increasing our mortgage holdings at competitive rates and investing in undervalued equities with above-average growth potential.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



| Performance | QTR.1 | Y-T-D | 12-MTH | Inception |
|---------------|--------|--------|--------|-----------|
| Fund | +1.12% | +1.12% | +5.24% | +5.40% |
| Benchmark | +1.44% | +1.44% | +5.75% | +5.75% |
| +/- Benchmark | -0.31% | -0.31% | -0.51% | -0.35% |

| | |
|-------------------------|----------------------------------|
| Investment Mgr.: | Family Guardian Insurance |
| Analysis Period: | Dec. 31, 2010 – Mar. 31, 2011 |
| Benchmark: | PRIME RATE + 25 BASIS POINTS |

for life, for health, for wealth

Call us today at + 242 396-4076 | www.fgfinancialbahamas.com

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