



FG FINANCIAL PREFERRED INCOME FUND

QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2011

INVESTMENT OBJECTIVE

FG Financial Preferred Income Fund is a fixed income Fund that aims to provide the highest possible level of return while still maintaining liquidity and preserving capital. The Fund seeks to provide stable returns to unit holders in excess of average term deposit rates

INVESTMENT STRATEGY

FG Financial Growth Fund invests in a diversified selection of Bahamian equities (listed and non-listed), mortgages, and fixed income securities. The Growth Fund focuses primarily on liquid stocks in the Bahamian market with above average long-term growth potential or stocks, which are considered undervalued in the market relative to their long-term potential.

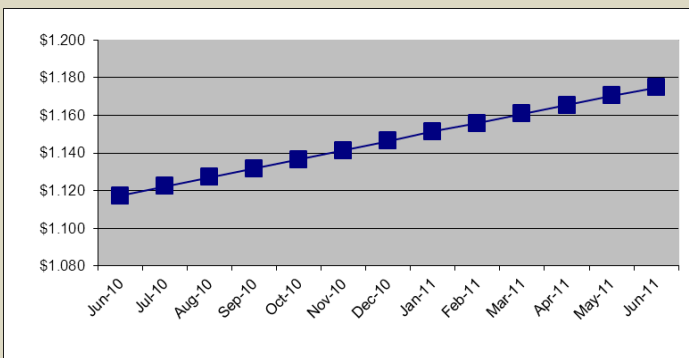
SECOND QUARTER 2011 REVIEW

FG Financial Preferred Income Fund closed out the second quarter with a net asset value (NAV) per share of \$1.1749, providing a return of 1.21%, outperforming benchmark returns of 1.00% by 21 basis points over the same period. The Fund yielded year-to-date returns of 2.48% (4.96% annualized), beating out its benchmark, the weighted average bank term deposit rate by 48 basis points, which reported returns of 2.00% over the same period (4% annualized). The Fund's average annualized yield since inception approximates 5.52%, 191 basis points above its benchmark, which reflected average annualized returns of 3.61% over the same period.

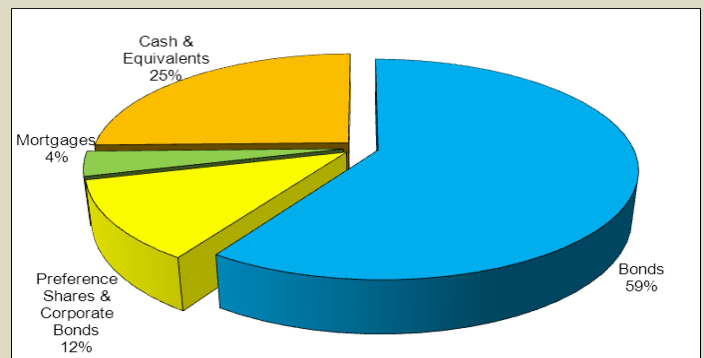
The Fund continues to provide returns to investors in excess of average term deposit rates since inception while maintaining liquidity and preserving capital. It attracts investors seeking constant income generation and a low level of risk in order to safeguard their assets for retirement purposes and as a result, the Fund has continued to experience significant growth since its inception. Year-to-date, net assets available to unit-holders increased by approximately \$469,000 attributable to net subscriptions of \$363,000 and net investment income of \$106,000. During the quarter, our available funds were channeled into investments in government bonds and term deposits at competitive market rates.

Our long-term objectives remain the same...maximizing fund participant returns at an acceptable level of risk.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



PERFORMANCE	QTR.2		QTR.1		Y-T-D		INCEPTION	
Fund	+1.21	%	+1.25	%	+2.48	%	+5.52	%
Benchmark	+1.00	%	+1.00	%	+2.00	%	+3.61	%
+/- Benchmark	+0.21	%	+0.25	%	+0.46	%	+1.91	%

INVESTMENT MANAGER:	FAMILY GUARDIAN INSURANCE
Analysis Period:	March 31, 2011 – June 30, 2011
Benchmark:	Weighted Average Term Deposit Rate

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