



# FG FINANCIAL PENSIONS & INVESTMENTS

## FG FINANCIAL PREFERRED INCOME FUND

### QUARTERLY REPORT FOR THE PERIOD ENDED DECEMBER 31, 2010

#### 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 Preferred Income Fund invests predominantly in government bonds and bank deposits but enhances its yield through investing in a diversified portfolio of mortgages, preference shares and corporate bonds. Its emphasis is on principal protection and constant income generation.

The Fund carries a low level of risk to the investor based primarily on investment in a combination of short-term financial instruments and government guaranteed securities.

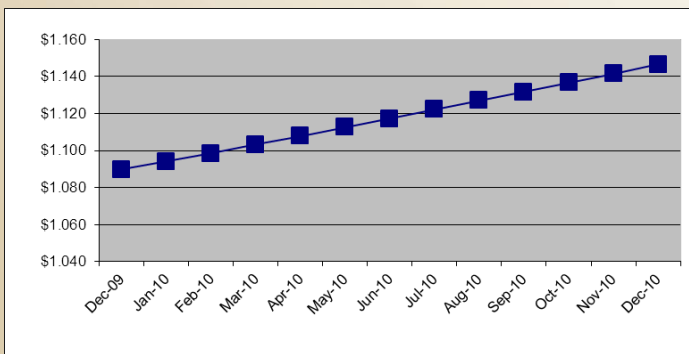
#### Fourth Quarter 2010 Review

FG Financial Preferred Income Fund closed the fourth quarter with a net asset value (NAV) per share of \$1.1465, providing a return of 1.30%, outperforming benchmark returns of 0.90% by 40 basis points over the same period. The Fund yielded year-to-date and 12-month returns of 5.20%, again beating out its benchmark, the weighted average bank term deposit rate by 170 basis points, which reported returns of 3.51%. The Fund's average annualized yield since inception approximates 5.86%, compared to its benchmark, which reflected average annualized returns of 3.73% over the same period.

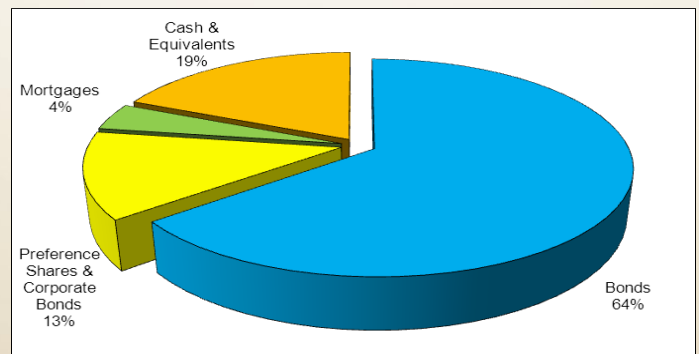
The Fund has attracted investors that seek lower levels of risk in order to safeguard their investments from exposure to the volatility of the equities market. From inception, the Fund has provided stable returns to participants in excess of average term deposit rates, and as a result has experienced substantial growth. Year-to-date, net assets available to shareholders increased by approximately \$674,000 attributable to net subscriptions of \$479,000 and net investment income of \$195,000. During the quarter, our available funds were channeled into investments of \$200,000 in government bonds at attractive market rates to provide a healthy flow of income generation into the Fund and further boost our yields.

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.4	Y-T-D	12-MTH	Inception
Fund	+1.30%	+5.20%	+5.20%	+5.86%
Benchmark	+0.90%	+3.51%	+3.51%	+3.73%
+/- Benchmark	+0.40%	+1.70%	+1.70%	+2.13%

<b>Investment Mgr.:</b>	<b>Family Guardian Insurance</b>
<b>Analysis Period:</b>	Sep. 30, 2010 – Dec. 31, 2010
<b>Benchmark:</b>	Weighted Average Term Deposit Rate

**for life, for health, for wealth**

Call us today at + 242 396-4076 | [www.fgfinancialbahamas.com](http://www.fgfinancialbahamas.com)

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