



FG FINANCIAL DIVERSIFIED FUND

QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 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.

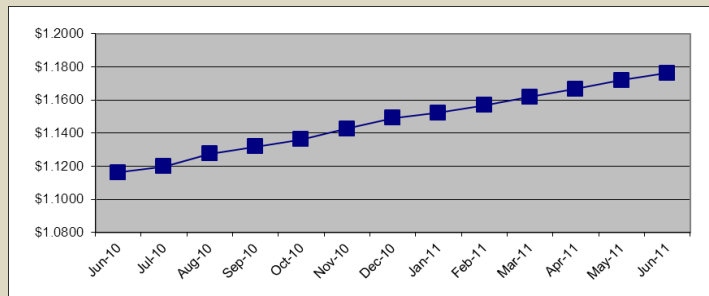
SECOND QUARTER 2011 REVIEW

FG Financial Diversified Fund yielded 1.24% for the second quarter, ending with a net asset value (NAV) per share of \$1.1764, underperforming benchmark (prime rate plus 25 basis points) returns of 1.39% by 15 basis points. During the quarter, due to positive indicators for growth and the implications for domestic economic activity, the Central Bank reduced the prime rate by 75 basis points to 4.75%. Year-to-date, the Fund yielded 2.38%, underperforming benchmark returns of 2.82% by 45 basis points. The Fund's average annualized yield since inception approximates 5.43%, 31 basis points below benchmark annualized returns of 5.73% over the same period.

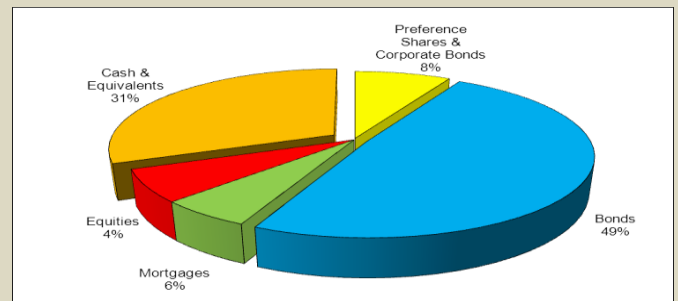
Year-to-date, the Fund's net assets increased by \$294,000 supported by net subscriptions of \$154,000 and net investment income of \$140,000. The Fund's combined investments in fixed income and equity securities generated investment income of approximately \$165,000, which mitigated the effects of small year-to-date capital losses on our equities portfolio, yielding net returns of -1.83%. During the quarter, we channeled our available funds into investments of approximately \$200,000 in Commonwealth Brewery common shares in an effort to boost our yields.

During the quarter, the domestic economy gained positive momentum due to steady gains in tourism output, foreign investments in tourism related construction activity and public sector capital projects. Domestic inflation is expected to increase as international oil prices are projected to remain elevated over a prolonged period.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



PERFORMANCE	QTR.2		QTR.1		Y-T-D		INCEPTION	
Fund	+1.24	%	+1.12	%	+2.38	%	+5.43	%
Benchmark	+1.39	%	+1.44	%	+2.82	%	+5.73	%
+/- Benchmark	-0.15	%	-0.31	%	-0.45	%	-0.31	%

INVESTMENT MANAGER:	FAMILY GUARDIAN INSURANCE
Analysis Period:	March 31, 2011 – June 30, 2011
Benchmark:	PRIME RATE + 25 BASIS POINTS

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