



# FG FINANCIAL PENSIONS & INVESTMENTS

## FG FINANCIAL DIVERSIFIED FUND

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

#### 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.

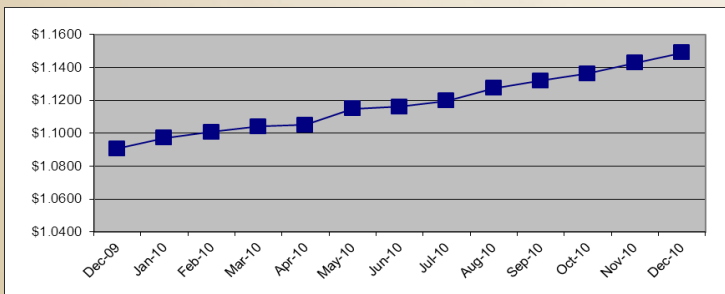
#### Fourth Quarter 2010 Review

FG Financial Diversified Fund yielded 1.51% for the fourth quarter, ending with a net asset value (NAV) per share of \$1.1491, outperforming its benchmark, (prime rate plus 25 basis points), which reflected returns of 1.44%. Year-to-date, the Fund underperformed its benchmark by 40 basis points, yielding 5.35% compared to benchmark returns of 5.75%. The Fund's average annualized yield since inception approximates 5.42% compared to its benchmark, which reflected annualized returns of 5.75% over the same period.

Year-to-date, the Fund's net assets increased by approximately \$600,000 aided by net subscriptions of \$308,000 and net investment income of \$293,000. Year-to-date, unrealized losses of \$1,600 coupled with dividend income of approximately \$8,200 resulted in our equities portfolio yielding net returns of 3.05%. Income from other investments totaling \$320,000 provides adequate cushioning to minimize potential capital losses. In an effort to boost our yields during the quarter, we channeled our available funds into investments of \$100,000 in government bonds and \$10,000 in term deposits at attractive deposit rates.

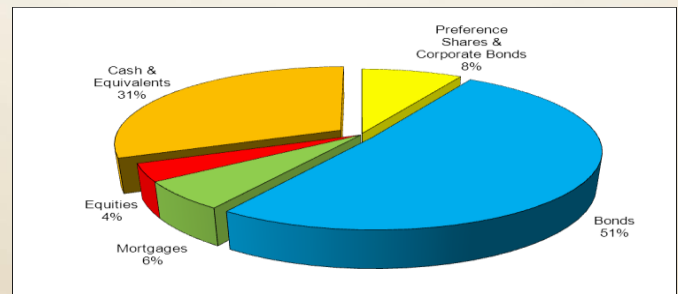
Domestic economic conditions remain stable and recovery is expected to gain momentum in 2011 through improvement in world markets to support tourism growth coupled with foreign investment projects to promote activity in the construction sector. Thus, we will seek new opportunities to enhance our yields by increasing our mortgage holdings at competitive rates and investing in undervalued equities with above-average growth potential.

#### NET ASSET VALUE PERFORMANCE



Performance	QTR.4	Y-T-D	12-MTH	Inception
Fund	+1.51%	+5.35%	+5.35%	+5.42%
Benchmark	+1.44%	+5.75%	+5.75%	+5.75%
+/- Benchmark	+0.07%	-0.40%	-0.40%	-0.33%

#### FUND COMPOSITION



<b>Investment Mgr.:</b>	<b>Family Guardian Insurance</b>
<b>Analysis Period:</b>	Sept. 30, 2010 – Dec. 31, 2010
<b>Benchmark:</b>	PRIME RATE + 25 BASIS POINTS

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

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

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