



FG FINANCIAL DIVERSIFIED FUND

QUARTERLY REPORT FOR THE PERIOD ENDED DECEMBER 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, mutual funds, equities (listed and non-listed) and fixed income securities. The Fund may also invest in publicly traded or privately issued preference shares.

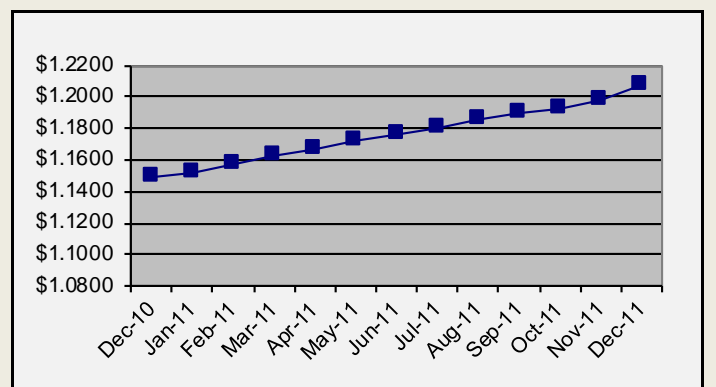
FOURTH QUARTER REVIEW

FG Financial Diversified Fund gained strong momentum during the fourth quarter, ending with a net asset value (NAV) per share of \$1.2070, which equates to a yield of 1.51% to its investors. During the quarter, the Fund surpassed its benchmark (prime rate plus 25 basis points) by 26 basis points, which returned 1.25% over the same period. Year-to-date, the Fund yielded 5.04%, underperforming benchmark returns of 5.32% by 28 basis points. The Fund's average annualized yield since inception approximates 5.52%, 12 basis points below benchmark annualized returns of 5.64% over the same period.

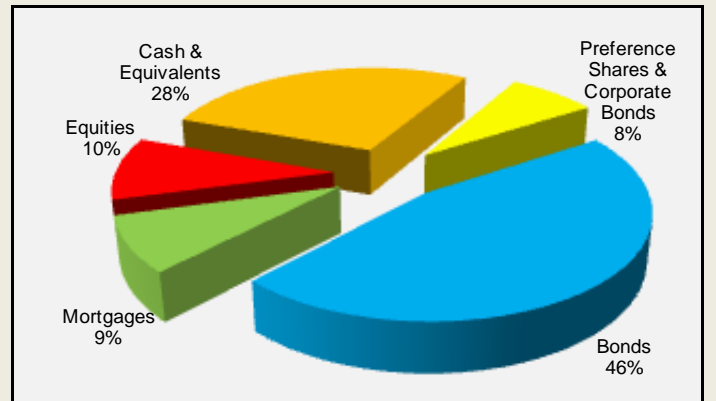
During the quarter, the Fund acquired approximately \$225,000 of undervalued equities relative to their long-term growth potential, which well positioned the Fund to reap the benefits of sizeable capital gains resulting in our equities portfolio yielding net returns of 5.56%, fully recouping capital losses incurred during the first three quarters. The Fund continues to entice investors with moderate risk appetites resulting in substantial year-to-date growth in net assets of approximately \$631,000 fueled by net subscriptions of \$327,000 and net investment income of \$304,000. Year-to-date, the Fund's combined investment in fixed income and equity securities generated income of approximately \$336,000.

The domestic economy maintained positive growth momentum largely due to ongoing large-scale foreign investment and public sector infrastructure projects. Tourism sector output continues to strengthen reflecting modest gains, while unemployment rates remain at elevated levels.

Net Asset Value Performance



Fund Composition



Top Five Equity Positions

STOCK HOLDINGS	DIVIDEND YIELD	QTR 4 RETURN	YTD RETURN
CBL	4.57%	+14.30%	+12.01%
CBB	2.94%	+2.94%	+5.04%
CAB	3.82%	-2.01%	-18.36%
FAM	4.42%	+1.10%	-6.59%
FIN	0.00%	-4.89%	-4.89%

INVESTMENT MANAGER	FAMILY GUARDIAN INSURANCE
Analysis Period:	Sept. 30, 2011 — Dec. 31, 2011
Benchmark:	PRIME RATE + 25 BASIS POINTS

This document is prepared by FG Financial Limited, which is licensed by the Securities Commission of The Bahamas as a Fund Administrator. FG Financial Limited is the parent company of FG Financial Fund Limited SAC and a subsidiary of FamGuard Corporation Limited. This quarterly review is for informational purposes only. Please note that past performance and rates of return are not indicative of future records.

PERFORMANCE	QTR-4	YTD	12-MONTHS	INCEPTION (Annualized)
Fund	+1.51%	+5.04%	+5.04%	+5.52%
Benchmark	+1.25%	+5.32%	+5.32%	+5.64%
+/- Benchmark	+0.26%	-0.28%	-0.28%	-0.12%

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