



FG FINANCIAL PREFERRED INCOME FUND

Quarterly report for the period ended June 30, 2017

Investment Objective

FG Financial Preferred Income Fund (the "Fund") is a fixed income Fund that aims to provide a stable return in excess of bank fixed deposits while still maintaining liquidity and preserving capital.

Investment Strategy

FG Financial Preferred Income Fund invests predominantly in government bonds, corporate bonds, preference shares and bank deposits. Its yields are further enhanced by investments in a diversified portfolio of mortgages. Its emphasis is on principal protection and constant income generation. The Fund's portfolio generates a steady flow of interest and preferred dividend income which is reinvested. This portfolio carries a low level of risk to the investor and provides capital preservation while generating a reasonable yield.

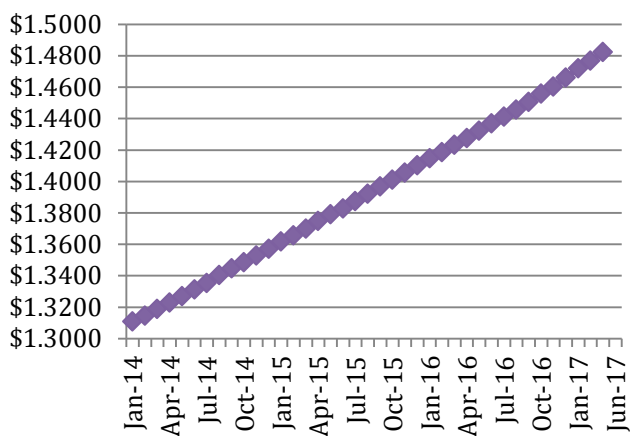
2nd Quarter Review

The Fund ended the second quarter of 2017 with a net asset value (NAV) per share of \$1.4975—an increase of 1.0% for the quarter and 4.2% over the previous twelve months. The Fund's performance exceeded that of the benchmark (the weighted average bank deposit rate) by a solid 3.0% over a twelve-month period. Over the previous three years and since inception, the Fund surpassed the benchmark by 2.7% and 2.0% per annum respectively.

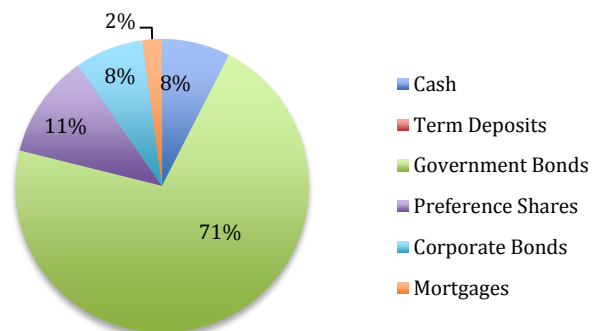
The Fund's steady returns, its low level of risk, and history of capital preservation attracted strong net investment inflows. It will continue to seek opportunities to invest excess cash and to reallocate lower yielding short-term deposits into higher yielding instruments, such as high-quality mortgages, bonds, and preference shares.

The top five preference share and corporate bond holdings include: 1) Cable Bahamas Series 13 preference shares (3.4%); 2) University of The Bahamas Series B notes (3.4%); 3) FOCOL Holdings Class A preference shares (1.7%); 4) Fidelity Bank Series B notes (1.7%); and 5) Public Hospital Authority Series B Notes (1.6%).

Net Asset Value Performance



Fund Composition



Investment Manager

Family Guardian Insurance Company Limited

Analysis Period:

Apr 1, 2017 – Jun 30, 2017

Benchmark:

WEIGHTED AVERAGE DEPOSIT INTEREST RATE
(Source: Quarterly Digest, The Central Bank of The Bahamas - www.centralbankbahamas.com)

PERFORMANCE	QTR-2	YTD	1 YR	3 YRS (PER ANNUM)	SINCE INCEPTION (PER ANNUM)
FUND	+1.0%	+2.2%	+4.2%	+4.0%	+4.5%
BENCHMARK	+0.2%	+0.6%	+1.2%	+1.3%	+2.3%
+/- BENCHMARK	+0.8%	+1.6%	+3.0%	+2.7%	+2.2%

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