



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report December 31, 2009

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. Balanced funds are generally “middle of the road” investments that seek to provide a combination of growth, income and conservation of capital by investing in a mix of stocks, bonds, and/or fixed income securities.

INVESTMENT STRATEGY

The Diversified Fund invests primarily in a combination of Bahamian equities (listed and non-listed), mortgages, and fixed income securities. The Fund may also invest in term deposits and in publicly traded or privately issued preference shares.

INVESTMENT RISK AND RETURN

The Diversified Fund caters to investors with a moderate risk profile. The positioning of a balanced fund allows for investors to reap the benefits of an upturn in the equities market while not suffering the full impact during economic downturns. Our long-term expected rate of return for this Fund is 6.5% to 8% per annum.

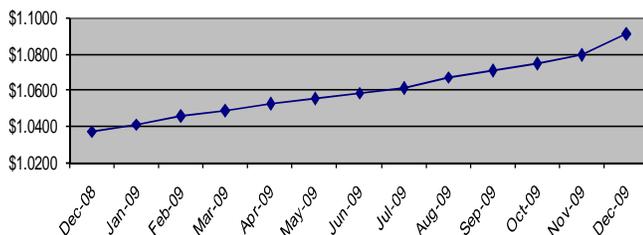
FOURTH QUARTER 2009 REVIEW

The Diversified Fund ended the fourth quarter with a net asset value (NAV) per share of \$1.0907, providing a return of 1.85% for the quarter, up from 1.17% in the third quarter. The Fund outperformed benchmark returns of 1.44% by 41 basis points over the same period. Year-to-date, the Fund still trails its benchmark, yielding 5.15% compared to benchmark returns of 5.75%. The Fund’s average annualized yield since inception approximates 5.18%.

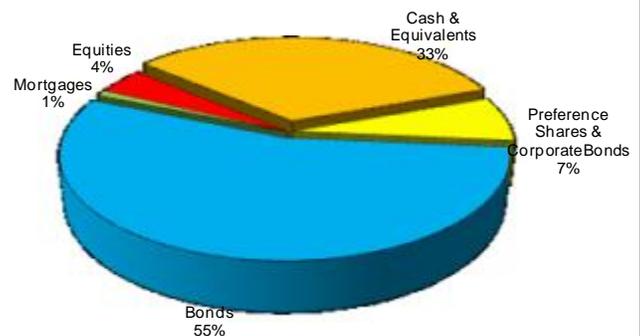
Year-to-date, the Fund’s net assets increased by approximately \$579,000, aided by net subscriptions of \$322,000 and investment income of \$257,000. Market value improvements in share prices during the quarter resulted in unrealized gains of \$32,000, considerably reducing year-to-date unrealized losses to \$19,000, yielding a net return of -5.05%. These unrealized losses from our ordinary shares were softened by income from our other investments totaling \$295,000.

During 2010, we will move to increase our mortgage holdings in order to further diversify our portfolio while also investing in additional equities to take advantage of expected price gains as market conditions improve.

Net Asset Value Performance



Fund Composition



Performance	QTR 4	Y-T-D	12-MTH	Inception
Fund	1.85%	5.15%	5.15%	5.18%
Benchmark	1.44%	5.75%	5.75%	5.75%
+/- Benchmark	+0.41%	-0.60%	-0.60%	-0.57%

Investment Manager:	Family Guardian Insurance Co. Ltd.
Analysis Period:	October 1, 2009 to December 31, 2009
Benchmark:	Prime Rate + 25 Basis Points

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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 results.