



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report For The Period Ended June 30, 2014

INVESTMENT OBJECTIVE

FG Financial Diversified Fund (the "Fund") is a balanced Fund whose objective is to provide an above-average income yield and opportunities for long-term capital growth. 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 equity market downturns.

INVESTMENT STRATEGY

The Fund seeks to provide a combination of growth and income 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.

FIRST QUARTER REVIEW

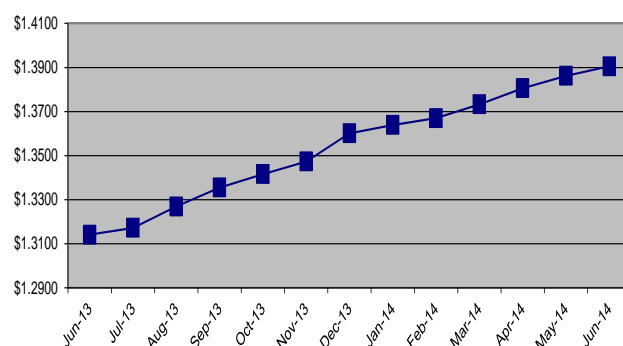
The Fund closed the second quarter of 2014 with a net asset value (NAV) per share of \$1.3905, an increase of 1.25% for the quarter, 4.47% on an annualized basis, and 5.81% over the trailing twelve months. The Fund's benchmark is Bahamian Prime + 0.25% (the "Benchmark") which is currently 5.00%. The Fund performed in line with the Benchmark during the quarter, but outperformed by 81 basis points on a trailing twelve months basis. The Fund's returns over the previous three years and since inception are 6.07% and 6.17% respectively per annum, which are above benchmark returns by 107 and 117 basis points respectively.

During the second quarter, the Fund continued to attract investors with a moderate appetite for risk. These net subscriptions were invested in the Cable Bahamas preference share offering in June. In addition, we increased our short-term bank deposit holdings at favorable rates.

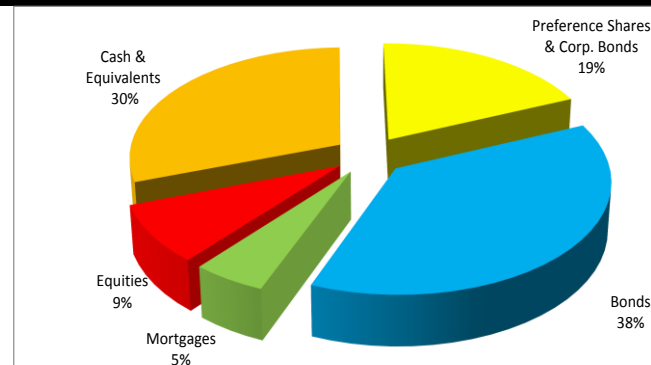
Year-to-date, our equity portfolio realized a gain of 1.76% with declines in FAM, CAB and CBL being offset by gains in APD, CBB and FIN. In our 1Q14 report we noted that we are of the view that the share price decline of CBL was not based on fundamentals and that we expected to see a recovery over the remainder of the year. During the 2Q14 the share price of CBL appreciated by \$0.62 nearly reversing the \$0.64 decline during the 1Q14.

The Fund's short-term bank deposit holdings are at 30% of total invested assets due to strong net subscription levels. We have identified several investment opportunities in which to invest this excess cash, and we expect this asset class to decrease to target levels during the second quarter of 2014.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



EQUITY POSITION HIGHLIGHTS

STOCK HOLDINGS	DIVIDEND YIELD	QTR.2 RETURN	YTD RETURN
APD	1.87%	+10.1%	+21.0%
CBL	5.22%	+9.9%	-4.8%
CBB	5.59%	0.00%	+7.8%
FIN	2.69%	0.00%	+6.2%

INVESTMENT MANAGER	FAMILY GUARDIAN INSURANCE
Analysis Period:	Mar. 31, 2014 — June 30, 2014
Benchmark:	PRIME RATE + 25 BASIS POINTS

PERFORMANCE	QTR-2	YTD	1 YR	3 YRS	INCEPTION (PER ANNUM)
Fund	+1.25%	+2.24%	+5.81%	+6.07%	+6.17%
Benchmark	+1.25%	+2.50%	+5.00%	+5.05%	+5.40%
+/- Benchmark	0.00%	-0.26%	+0.81%	+1.03%	+0.77%

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