



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report For The Period Ended June 30, 2013

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.

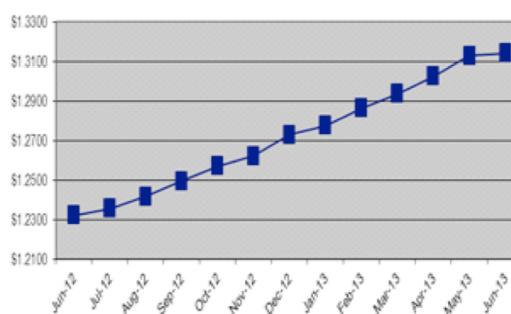
SECOND QUARTER REVIEW

The Fund closed the second quarter with a net asset value (NAV) per share of \$1.3141, an increase of 1.58% from the previous quarter. The Fund's benchmark is Bahamian Prime + 0.25% (the "Benchmark") which is currently 5.00%. The Fund outperformed Benchmark by 33 basis points during the quarter. Year-to-date, the Fund remains ahead of its benchmark by 73 basis points yielding 3.23%, compared to benchmark returns of 2.50% for the same period. The Fund's returns over the previous three years and since inception are 5.91% and 5.98% respectively, which are above benchmark returns by 67 and 53 basis points.

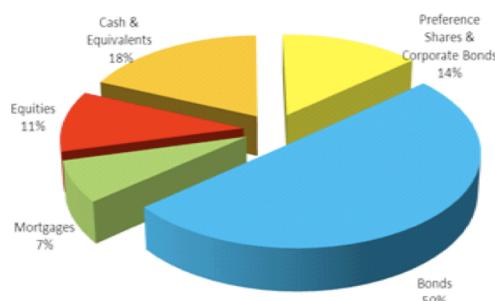
Year-to-date, the Fund's strong returns have attracted an influx of investors with a moderate appetite for risk. As a result, the Fund's net asset base has significantly increased through net subscriptions, which have been channeled into investments in government bonds at rates above the Bahamian prime rate and preference shares with reasonable dividend rates. During the quarter, we also acquired additional equities, which continue to provide a decent boost in our performance yields. Year-to-date, our equity portfolio has provided net returns of 9.03% through a combination of capital gains and dividend income.

The Fund's short-term bank deposit holdings represent approximately 12% of total invested assets, providing more than adequate liquidity levels. During the remaining half of the year, we expect to prudently channel our cash excesses into investments in bonds, preferred shares and equities.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



EQUITY POSITION HIGHLIGHTS

STOCK HOLDINGS	DIVIDEND YIELD	QTR.2 RETURN	YTD RETURN
CBB	6.11%	+14.30%	+20.51%
FAM	4.66%	+1.17%	+2.53%
FIN	2.11%	+3.62%	+26.09%

INVESTMENT MANAGER	FAMILY GUARDIAN INSURANCE
Analysis Period:	Mar. 31, 2013 — Jun. 30, 2013
Benchmark:	PRIME RATE + 25 BASIS POINTS

PERFORMANCE	QTR-2	YTD	1 YR	3 YRS	INCEPTION (PER ANNUM)
Fund	+1.58%	+3.23%	+6.64%	+5.91%	+5.98%
Benchmark	+1.25%	+2.50%	+5.00%	+5.24%	+5.45%
+/- Benchmark	+0.33%	+0.73%	+1.64%	+0.67%	+0.53%

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