



# FG FINANCIAL DIVERSIFIED FUND

## Quarterly Report June 30, 2008

### 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.

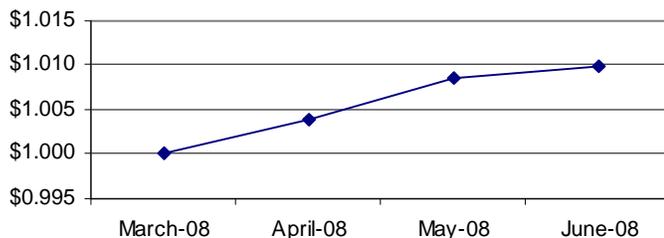
### SECOND QUARTER 2008 REVIEW

The Diversified Fund ended the second quarter with a net asset value of \$1.0098 compared to the beginning net asset value of \$1.0000. For the quarter ended June 30, 2008, the Fund achieved a return of 0.98%. The Fund did not meet its benchmark return due to the sub-par performance of our equity portfolio, which reflected the overall negative performance of the local equities market.

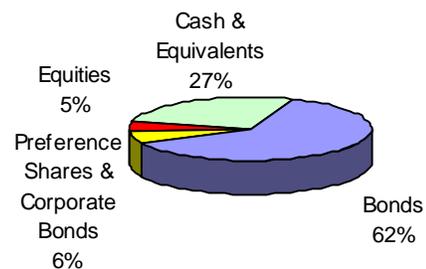
The Fund’s asset allocation saw moderate movements over the quarter. Bonds decreased from 65% to 62%. Term deposits and preference shares remained the same at 10% and 6% respectively. The Fund’s cash position increased from 13% to 17%. Our overall equity holdings decreased from 6% to 5% during the quarter, due predominantly to the decrease in the share price of Commonwealth Bank Limited. The impact of the decline in value for Commonwealth Bank was slightly buffered by capital appreciation from our other equity holdings.

We have maintained our higher allocation of bonds in the Diversified Fund for the interim, due to continued contractions in the local capital markets. As market conditions improve, we will move to reduce our current bond balances in favor of higher performing equities.

**Net Asset Value Performance**



**Fund Composition**



Performance Analysis	QTR 2	6-MTH	Y-T-D	1-Year
Fund	0.98%	N/A	N/A	N/A
Benchmark	1.44%	2.88%	2.88%	5.75%
+/- Benchmark	-0.46%	N/A	N/A	N/A

<b>Investment Manager:</b>	<b>Family Guardian Insurance Co. Ltd.</b>
<b>Analysis Period:</b>	March 31, 2008 to June 30, 2008
<b>Benchmark:</b>	Prime Rate + 25 Basis Points

For further information contact:

FG Capital Markets Limited  
Family Guardian Corporate Office:  
Telephone (242) 396-4000  
Fax (242) 393-1100  
P.O. Box N-SS-6232, Nassau Bahamas

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.