



# FG FINANCIAL GROWTH FUND

## Quarterly Report June 30, 2008

### INVESTMENT OBJECTIVE

FG Financial Growth Fund is an aggressive Fund whose objective is to provide a combination of capital appreciation and income over the long-term. This Fund is ideal for individual and institutional investors with long-term horizons and capital growth objectives who can accept the volatility of the equity markets.

### INVESTMENT STRATEGY

FG Financial Growth Fund invests in a diversified selection of Bahamian equities (listed and non-listed), mortgages, and fixed income securities. The Growth Fund focuses primarily on liquid stocks in the Bahamian market with above average long term growth potential or stocks which are considered undervalued in the market relative to their long-term potential.

### INVESTMENT RISK AND RETURN

Equities are riskier investments, but historical evidence reveals that equity markets provide higher rates of return over the long-term. Our expected long-term rate of return on this portfolio is 8% - 12% per annum.

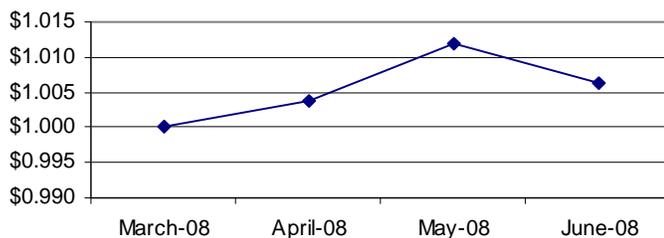
### SECOND QUARTER 2008 REVIEW

The Growth Fund ended the second quarter with a net asset value of \$1.0062 compared to the beginning net asset value of \$1.0000. The Fund achieved a positive return of 0.62%, outperforming its benchmark, the BISX All Share Index, which reported returns of -7.15% over the same period.

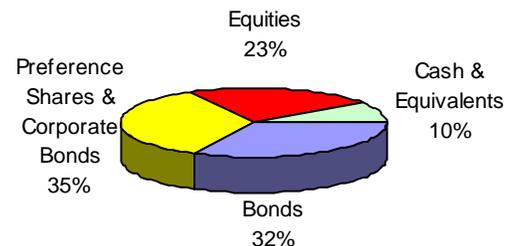
The Fund's asset allocation saw moderate movements over the quarter. Preference shares decreased from 36% to 34%, while bonds decreased from 34% to 33%. Our cash allocation increased from 6% to 10% due to our decision not to pursue additional equity purchases during the downturn in the capital markets.

Our overall equity allocation decreased from 24% to 23% during the quarter, due predominantly to the decline in the share price of Commonwealth Bank Limited. The impact of Commonwealth Bank share price reduction was somewhat mitigated by capital appreciations in our other shareholdings.

**Net Asset Value Performance**



**Fund Composition**



Performance Analysis	QTR 2	6-MTH	Y-T-D	1-Year
Fund	0.62%	N/A	N/A	N/A
Benchmark	-7.15%	-11.80%	-11.80%	0.43%
+/- Benchmark	+6.53%	N/A	N/A	N/A

Investment Manager:	<b>Family Guardian Insurance Co. Ltd.</b>
Analysis Period:	March 31, 2008 to June 30, 2008
Benchmark:	BISX All Share Index

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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.