



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report March 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.

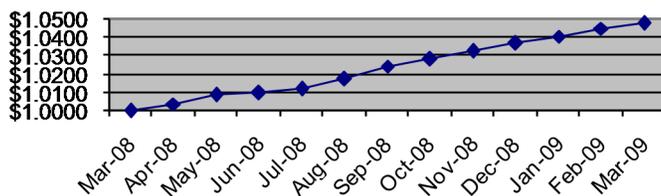
FIRST QUARTER 2009 REVIEW

The Diversified Fund ended the first quarter with a net asset value per share of \$1.0481. For the quarter ended March 31, 2009, the Fund achieved a positive return of 1.04%, but underperformed its benchmark, which reported returns of 1.44% over the same period. For its first full year of operation, the Fund underperformed compared to its benchmark, obtaining a yield of 4.81% compared to the benchmark return of 5.75%. This is due to the underperformance of our equities portfolio as a result of continued market contractions. The Fund’s annualized return from inception (April 1st, 2008) was 4.81%.

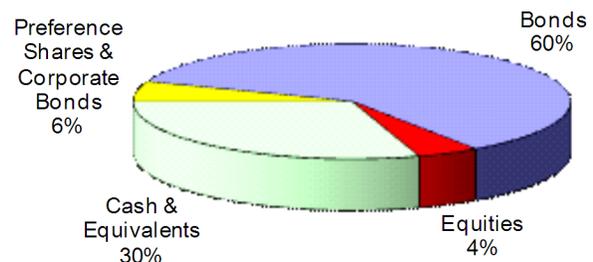
Invested assets increased by \$107 thousand during the quarter due to an investment of \$150 thousand in bonds, \$24 thousand in term deposit interest, offset by net redemptions of 51 thousand and a \$16 thousand decrease in our equities portfolio. Year-to-date, our equities yielded returns of -5.33%, with FamGuard being our top performer during the first quarter, with a positive return of 0.26%.

We continue to maintain higher allocation of bonds for the interim, due to continued contractions in the local capital markets. We will reduce our bonds in favor of higher performing equities as the year progresses.

Net Asset Value Performance



Fund Composition



Performance Analysis	QTR 1	Y-T-D	1-Year	Inception
Fund	1.04%	1.04%	4.81%	4.81%
Benchmark	1.44%	1.44%	5.75%	5.75%
+/- Benchmark	-0.40%	-0.40%	-0.94%	-0.94%

Investment Manager:	Family Guardian Insurance Co. Ltd.
Analysis Period:	March 31, 2008 to March 31, 2009
Benchmark:	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 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.