



# FG FINANCIAL DIVERSIFIED FUND

## Quarterly Report March 31, 2010

### 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 by investing in a combination of deposits, mortgages, equity and fixed income securities.

### INVESTMENT RISK AND RETURN

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 economic downturns.

### FIRST QUARTER 2010 REVIEW

FG Financial Diversified Fund yielded 1.23% for the first quarter of 2010, ending with a net asset value (NAV) per share of \$1.1041. The Fund underperformed benchmark returns of 1.44% by 21 basis points over the same period. The Fund's average annualized yield since inception approximates 5.21%.

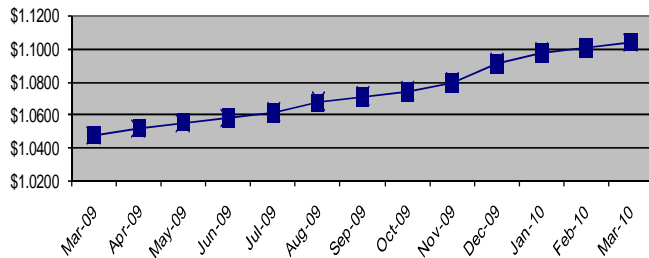
Year-to-date, the Fund's net assets increased by approximately \$113,000, aided by net subscriptions of \$47,000 and net investment income of \$66,000.

Year-to-date, our equities portfolio realized net returns of -1.24% as a result of marginal unrealized losses of approximately \$5,000. As a result of the well-positioning of the Fund, these unrealized losses from our ordinary shares were cushioned by income from our other investments totaling \$67,000.

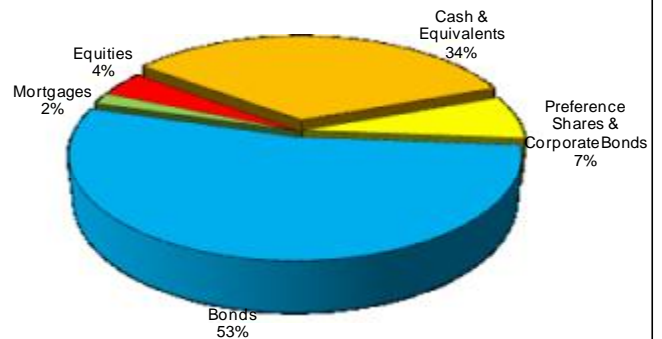
In an effort to further diversify our portfolio, during the quarter, the Fund invested an additional \$53,000 in mortgages, which will further diversify our portfolio and amplify our yield. We also reduced our term deposits by approximately \$173,000 in order to capitalize on expected equity price gains as market conditions continue to improve. Domestic economic indicators continue to show signs of stabilization as a result of growth in tourism, inflation, liquidity and external reserve levels.

During 2010, we will continue to aggressively seek opportunities to grow our mortgage and equity portfolios in order to take advantage of improved market conditions.

**FUND PERFORMANCE**



**FUND COMPOSITION**



Performance	QTR 1	Y-T-D	12-MTH	Inception
Fund	1.23%	1.23%	5.34%	5.21%
Benchmark	1.44%	1.44%	5.75%	5.75%
+/- Benchmark	-0.21%	-0.21%	-0.41%	-0.54%

<b>Investment Manager:</b>	<b>Family Guardian Insurance Co. Ltd.</b>
<b>Analysis Period:</b>	January 1, 2010 to March 31, 2010
<b>Benchmark:</b>	Prime Rate + 25 Basis Points

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This quarterly review is for informational purposes only. Please note that past performance and rates of return are not indicative of future results.