



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report September 30, 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.

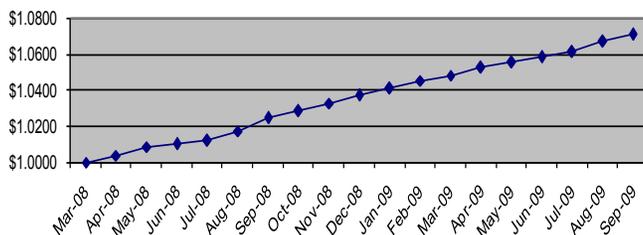
THIRD QUARTER 2009 REVIEW

The Diversified Fund ended the third quarter with a net asset value (NAV) per share of \$1.0709, providing a return of 1.17% for the quarter, up from 0.99% during the second quarter but still underperforming its benchmark, which reported returns of 1.44% over the same period. Year-to-date, the Fund still trails its benchmark, yielding 3.24% compared to the benchmark return of 4.31%. Continued contraction in share values within the Diversified Fund has led to sizeable short-term unrealized losses, creating a drag on the Fund’s profitability.

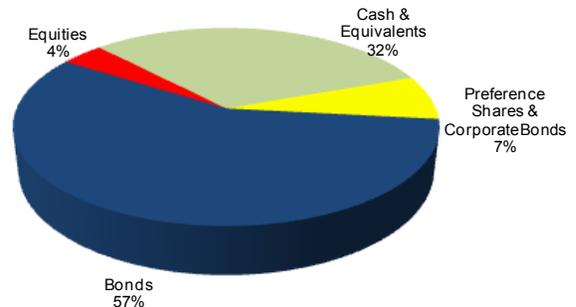
Year-to-date, the Fund’s NAV has increase in value by 3.24%, which translates into an average annualized return of 4.32%. Over the past 12 months, the Fund has provided a return of 4.54%, underperforming benchmark returns of 5.75%. Yield from inception of the Fund approximates 4.73%.

Year-to-date, the Fund’s net assets increased by approximately \$380,000, aided by net subscriptions of \$221,000 and investment income of \$159,000. Equities suffered a net return of -18.36% year-to-date, with unrealized losses of \$44,000. These were softened by income from our other investments totaling \$217,000.

Net Asset Value Performance



Fund Composition



Performance Analysis	QTR 3	Y-T-D	12-MTH	Inception
Fund	1.17%	3.24%	4.54%	4.73%
Benchmark	1.44%	4.31%	5.75%	5.75%
+/- Benchmark	-0.27%	-1.07%	-1.21%	-1.02%

Investment Manager:	Family Guardian Insurance Co. Ltd.
Analysis Period:	March 31, 2008 to September 30, 2009
Benchmark:	Prime Rate + 25 Basis Points

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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.