



FG FINANCIAL DIVERSIFIED FUND

Quarterly Report For The Period Ended March 31, 2014

INVESTMENT OBJECTIVE

FG Financial Diversified Fund (the "Fund") is a balanced Fund whose objective is to provide an above-average income yield and opportunities for long-term capital growth. 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 equity market downturns.

INVESTMENT STRATEGY

The Fund seeks to provide a combination of growth and income by investing in a combination of term deposits, mortgages, mutual funds, equities (listed and non-listed) and fixed income securities. The Fund may also invest in publicly traded or privately issued preference shares.

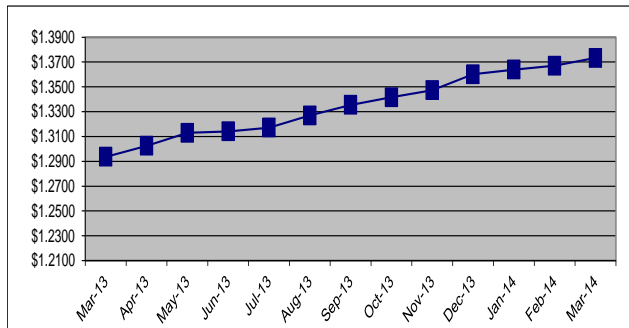
FIRST QUARTER REVIEW

The Fund closed the first quarter of 2014 with a net asset value (NAV) per share of \$1.3733, an increase of 0.97% for the quarter, 3.88% on an annualized basis, but 6.15% over the trailing twelve months. The Fund's benchmark is Bahamian Prime + 0.25% (the "Benchmark") which is currently 5.00%. The Fund underperformed the Benchmark by 112 basis points during the quarter, but outperformed by 115 basis points on a trailing twelve months basis. The Fund's returns over the previous three years and since inception are 6.06% and 6.23% respectively per annum, which are above benchmark returns by 106 and 123 basis points respectively.

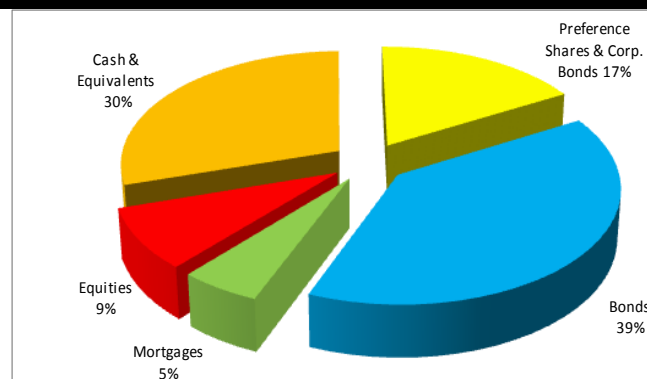
Year-to-date, the Fund's strong returns continue to attract an influx of investors with a moderate appetite for risk. As a result, the Fund's net asset base has significantly increased through net subscriptions, which have been channeled into investments in preference shares with reasonable dividend rates. In addition, we increased our short-term bank deposit holdings at favorable rates. Year-to-date, our equity portfolio realized a gain of only 0.27% due primarily to a decline in the share price of Commonwealth Bank ("CBL") of \$0.64. The 2013 year-end results for CBL were strong, so we are of the view that the share price decline is not based on fundamentals and we expect to see a recovery over the remainder of the year. The decline in CBL was offset by gains in Arawak Port, Commonwealth Brewery and Finco.

The Fund's short-term bank deposit holdings are at 30% of total invested assets due to strong net subscription levels. We have identified several investment opportunities in which to invest this excess cash, and we expect this asset class to decrease to target levels during the second quarter of 2014.

NET ASSET VALUE PERFORMANCE



FUND COMPOSITION



EQUITY POSITION HIGHLIGHTS

STOCK HOLDINGS	DIVIDEND YIELD	QTR.1 RETURN	YTD RETURN
APD	2.06%	+9.92%	+9.92%
CBL	3.83%	-8.39%	-8.39%
CBB	5.59%	+7.82%	+7.82%
FIN	1.35%	+7.14%	+7.14%

INVESTMENT MANAGER	FAMILY GUARDIAN INSURANCE
Analysis Period:	Dec. 31, 2013 — Mar. 31, 2014
Benchmark:	PRIME RATE + 25 BASIS POINTS

PERFORMANCE	QTR-1	YTD	1 YR	3 YRS	INCEPTION (PER ANNUM)
Fund	+0.97%	+0.97%	+6.15%	+6.06%	+6.23%
Benchmark	+1.25%	+1.25%	+5.00%	+5.05%	+5.40%
+/- Benchmark	-0.28%	-0.28%	+1.15%	+1.01%	+0.83%

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