



**FG FINANCIAL GROWTH FUND**

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2012

**INVESTMENT OBJECTIVE**

FG Financial Growth Fund (the "Fund") is an aggressive Fund whose objective is to provide a combination of capital appreciation and income over the long-term. The Fund is targeted towards individual and institutional investors with long-term horizons and capital growth objectives whose risk profile includes a tolerance for the volatility of the equities market.

**INVESTMENT STRATEGY**

The Fund invests in a diversified selection of Bahamian equities (listed and non-listed), mortgages, and fixed income securities. The Growth Fund invests in equities that are expected to be liquid relative to other local equities and which are expected to generate long-term total returns in excess of the BISX All Share Index.

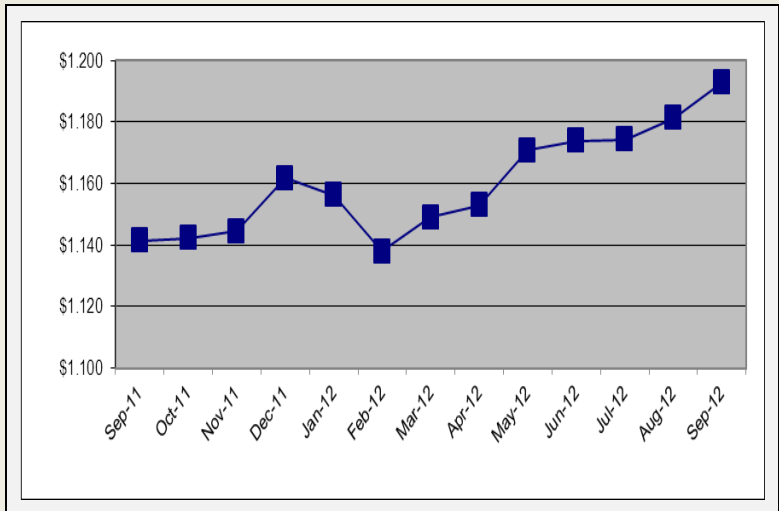
**THIRD QUARTER REVIEW**

During the third quarter, the Fund's net asset value (NAV) increased by 1.61% to \$1.1928, outperforming its benchmark (BISX All-Share Index) by 188 basis points. Year-to-date, the Fund's NAV has appreciated by 2.68% in comparison to the decline of -4.17% of its benchmark. Over the last one year, three years and since inception, the Fund has yielded 4.49%, 5.25% and 4.28% per annum respectively. Since inception the Fund has outperformed its benchmark index by 11.70%.

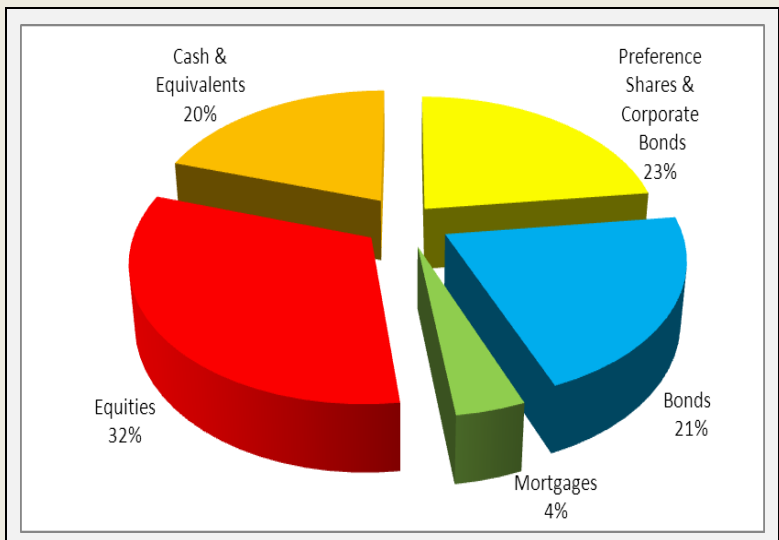
During the quarter, we capitalized on the opportunity to acquire \$38,000 of undervalued equities relative to their long-term growth potential. As a result, our equities portfolio provided sizeable net capital gains, reducing our year-to-date net capital losses to \$11 thousand. Total dividend income of \$33 thousand eliminated net capital losses providing overall net returns of 2.14%. We also invested \$50 thousand in a high quality mortgage at a very attractive yield.

Our portfolio weighting in short-term bank deposits was reduced to approximately 20% through reinvestment in higher yielding equity and mortgage instruments. During the fourth quarter, we will continue to seek opportunities to reinvest the majority of this excess cash.

**Net Asset Value Performance**



**Fund Composition**



**Equity Position Highlights**

STOCK HOLDINGS	DIVIDEND YIELD	QTR.3 RETURN	YTD RETURN
AML	2.99%	+8.21%	+8.21%
CAB	3.04%	+14.65%	+14.65%
FIN	0.00%	+12.04%	+15.78%

INVESTMENT MANAGER	FAMILY GUARDIAN INSURANCE
Analysis Period:	Jun. 30, 2012 — Sep. 30, 2012
Benchmark:	BISX ALL SHARE INDEX

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PERFORMANCE	QTR-3	YTD	1 YR	3 YRS	INCEPTION (PER ANNUM)
Fund	+1.61%	+2.68%	+4.49%	+5.25%	+4.28%
Benchmark	-0.27%	-4.17%	-4.95%	-4.30%	-7.42%
+/- Benchmark	+1.88%	+6.85%	+9.44%	+9.55%	+11.70%