

BF&M INVESTMENT NEWSLETTER

For the **GOLDEN ACCUMULATOR PLAN**

1st Qtr 2008

Investment Overview as of 15-April-2008

The first quarter of 2008 proved to be very tumultuous for the financial markets, as both equity and bond markets neared record levels of volatility, due to the uncertainty surrounding the billion dollar write-offs by leading financial institutions. Government bonds as a group benefited during the period, as investors headed for security. The U.S. Federal Reserve took dramatic actions to stabilize the markets, holding emergency meetings, cutting key lending rates, as well as engineering a \$200 billion Term Lending Facility for banks to borrow against their troubled investments. The turning point could well have been when the JP Morgan pounced on struggling brokerage house Bear Stearns, taking over their assets and obligations at a discount rate. As the quarter drew to a close, the markets were beginning to stabilize and equities markets bounced higher on the first day of April.

The question remains whether economic momentum will sustain corporate earnings, and in turn drive employment and consumer spending. Initial expectations were for moderate a 3.5% global economic growth in 2008. The forecasted global growth rate has now been reduced to 2%, with the U.S. and U.K. at less than 1%. Since share prices are based on future corporate earnings, a decline in earnings means a decline in stock prices and so they did. In the US, indexes were off 10-15%. European markets were also down 10%. Emerging markets were not immune to the downdraft, falling around 10%. When considering the declines in the latter part of 2007, many indexes signaled a "bear" market, by declining 20% over the last six months. These declines have narrowed since the end of March and will likely rebound later this year.

Commodity funds surged 33% over the last year, during the transition from an expansive to a slowing economy. Rising prices were fed by an anticipated demand for materials and oil in the emerging markets. There was also speculation fever surrounding the price rises, as some nervous investors sought investments other than traditional stocks and bonds. Several money markets declined precipitously. Many liquid reserve and specialized funds failed or were closed. Funds holding mortgaged-backed-securities and more exotic structured vehicles were particularly negatively affected. As a matter of principal we have avoided such investments, so the investments in your pension plans at BF&M remain safe and sound.

Government bonds proved to be the investment of choice. Their market value rose as the interest rates were reduced, resulting in a 15% return over the last 12 months. They have been seen as the safest investment alternative. However, with interest rates now near four year lows, investors face negative "real" returns after deducting for the high 4% inflation. Therefore, it is not the place to remain for the long-term. When earning declines have turned and employment levels have stabilized, it will be a signal that equity markets may be reaching a turning point.

Treasury bonds are looking overpriced. While equity prices appear to offer value-for-money. The price-to-earnings ratios are lower than their historic average. In addition, over 70% of US and European equities now have a dividend yield that is higher than their real bond yields. Estimates are however, that it will be another three to six months before the economy gains traction and begins to grow again. It could be longer. That being said, even at this juncture there is a place for equities in risk profiles and asset allocations offered in the BF&M Plans.

The types of equities that led at this point in the economic cycle were larger companies with an international reach instead of smaller domestic companies. Growth stocks outperformed more value-orientated stocks. Fund managers have been adjusting investment strategies accordingly and those who have not adapted will be replaced. What does this all mean for you? Individuals closer to retirement will have benefited by their emphasis in fixed income in the Conservative Portfolios during this period, meaning their nest egg was more secure. Younger investors will have benefited in Aggressive Risk Profiles through dollar-cost-averaging, buying equities at this lower price. This will help aggressive profiles grow over the long run despite periodic set-backs.

Written by Patrice Horner, Vice President of North Atlantic Asset Management Limited, a subsidiary of BF&M Limited. Horner holds an MBA in Finance, and a NASD Series 7 license. She is a Certified Financial Planner (CFP) and a founding member of the Financial Planning Association of Bermuda (FPAB). North Atlantic Asset Management is licensed to conduct investment business by the Bermuda Monetary Authority under the Investment Business Act.

FINANCIAL PERFORMANCE BENCHMARKS

through March 2008

INDEX NAME	6 Mos	1 Yr	3 Yrs	5 Yrs	COMPARISON FOR
NASDAQ Composite Index	-14.1%	-5.9%	4.5%	11.2%	US Growth Equities
S&P Barra Value Index	-9.6%	-10.6%	4.2%	11.3%	US Value
S & P 500 Index	-9.9%	-6.9%	5.8%	11.3%	US Equities
Russell 2000 Index	-10.2%	-14.0%	3.8%	13.5%	US Small Cap Equities
MS US Sml Co Growth Index	-11.8%	-8.0%	6.9%	16.1%	US Sml Cap Grw
MSCI World-Dev'lp USD Index	-9.5%	-5.1%	7.7%	13.9%	Global Equities(All)
MSCI Global Sml Cos Index	-8.5%	-13.1%	6.7%	19.0%	Global Smaller Cos
MSCI Emr Mrkt Index	-11.3%	18.8%	26.2%	32.3%	Emerging Market Equites
MSCI EAFE Index	-9.5%	-5.1%	10.7%	18.6%	Europe, Asian & Far East
ML US Corp&Gov Mstr	2.5%	8.3%	5.6%	4.6%	US Corp Bonds
JPM Gib Gov Bond Index	9.3%	19.7%	7.4%	8.3%	Global Government Bonds
JP Morgan EMBI Global Index	0.6%	4.4%	9.6%	11.4%	Emerging Market Bonds
Ryan Labs US 10 Yr Index	6.5%	15.4%	7.3%	5.2%	US Government Bonds
Ryan Labs Cash Index	1.0%	4.9%	4.5%	3.2%	Money Market Funds

BF&M Golden Accumulator Pension Plan



Summary Performance - March 2008

SEG PLAN

For the
Period of

PERFORMANCE BY PROFILE

		5 Yrs	3 Yrs	1 Yrs	3 Mos
<u>Guaranteed Interest</u>	Annualized	2.92%	3.62%	4.12%	0.92%
	<i>Benchmark</i>	2.92%	3.62%	4.12%	0.92%
<u>Conservative Risk</u>	Annualized	6.18%	4.37%	2.06%	-1.79%
	<i>Benchmark</i>	6.17%	4.33%	2.29%	-1.18%
<u>Moderate Risk</u>	Annualized	7.38%	4.82%	1.18%	-2.90%
	<i>Benchmark</i>	7.23%	4.62%	1.10%	-2.22%
<u>Accumulator</u>	Annualized	10.18%	5.56%	-0.88%	-5.62%
	<i>Benchmark</i>	10.03%	5.33%	-0.73%	-4.34%
<u>Stable Growth</u>	Annualized	11.69%	6.81%	-0.57%	-7.12%
	<i>Benchmark</i>	11.18%	6.11%	-1.20%	-5.52%
<u>Growth Risk</u>	Annualized	11.61%	7.42%	-0.13%	-6.77%
	<i>Benchmark</i>	11.09%	6.31%	-1.31%	-5.53%
<u>Aggressive Risk</u>	Annualized	15.12%	9.56%	-1.56%	-11.03%
	<i>Benchmark</i>	14.21%	7.78%	-3.62%	-8.92%

For the
Period of

PAST & CURRENT FUNDS

PERFORMANCE BY FUND

		5 Yrs	3 Yrs	1 Yrs	3 Mos
<u>Guaranteed Interest</u>	Account	2.92%	3.62%	4.12%	0.92%
	<i>NTB GIA Index</i>	2.92%	3.62%	4.12%	0.92%
<u>MFS Strategic Inc/MS Global Bond</u>	Fund	4.08%	0.63%	0.72%	-0.39%
	<i>Composite Index</i>	5.51%	2.77%	4.95%	1.15%
<u>FT Mutual Beacon</u>	Fund	10.55%	5.08%	-11.23%	-9.53%
	<i>S&P Value Index</i>	11.33%	4.23%	-10.68%	-9.62%
<u>Vontobel GIB/ MS GIB Eq</u>	Fund	17.45%	11.00%	1.80%	-11.23%
	<i>EAFE/ MS World Indexes</i>	14.75%	8.96%	-5.07%	-9.53%
<u>MFS Res Int'l/Putnam Intl</u>	Fund	18.71%	14.94%	0.22%	-8.55%
	<i>EAFE Index</i>	18.61%	10.67%	-5.07%	-9.53%
<u>TFM US Aggr/MS US Sml Cap</u>	Fund	14.98%	8.07%	-1.88%	-15.88%
	<i>Russell 3000/ 2000 Grwth Index</i>	13.04%	7.32%	-2.56%	-10.66%

GIA Current Crediting Rate is 3.25%

Past performance is no guarantee of future returns. The value of the shares of the mutual funds held within each portfolio may go up as well as down and any income received may vary. Investments involves risk, disclosed in the fund prospectus, available upon request. Currency fluctuations based on the stocks and bonds owned within a fund also affects returns. Individual performance may vary based on the actual amount and timing of contributions. North Atlantic is licensed to conduct investment business by the BMA under the Investment Business Act of 2003.

Education Corner

Risk and return typically go together hand in hand; the more return, the more risk. Risk profiles are designed so that they have the potential for a level of return that helps compensate for the historic volatility, which is the measure of risk. High risk or volatility is where a fund value goes way-up and way-down. You will note that the aggressive profiles have the highest reported returns over the 5 year period, even after hitting the lowest low this quarter. More conservative profiles protect the accumulated assets, but limit the amount of growth over the long-run. That is why the Aggressive Risk Profile is better for younger people. You should migrate toward the Conservative Risk Profile as you move closer to retirement.

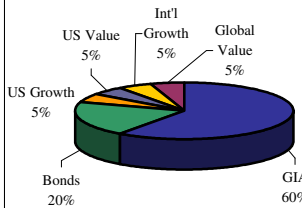
For more assistance Contact BF&M financial advisors at 295-5566 x 2006, or call North Atlantic Asset Management Limited at 296-8288.

LOW RISK



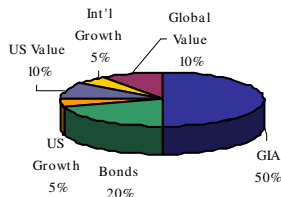
GIA
100%

CONSERVATIVE



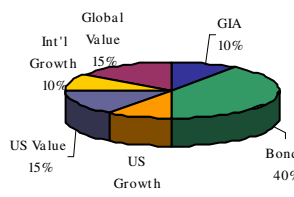
GIA 60%
Bonds 20%
US Value 5%
Int'l Growth 5%
Global Value 5%
US Growth 5%

MODERATE



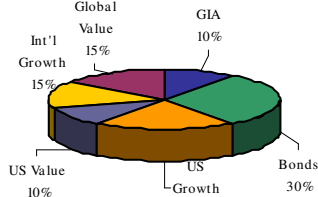
GIA 50%
Bonds 20%
US Value 10%
Int'l Growth 10%
Global Value 5%
US Growth 5%

ACCUMULATOR



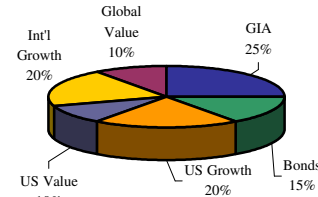
Bonds 40%
US Value 15%
Int'l Growth 15%
US Growth 10%
Global Value 10%
GIA 10%

STABLE GROWTH



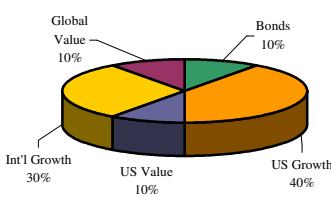
Bonds 30%
US Value 10%
Int'l Growth 15%
US Growth 20%
Global Value 15%
GIA 10%

GROWTH



Bonds 15%
US Value 10%
Int'l Growth 20%
US Growth 20%
Global Value 10%
GIA 25%

AGGRESSIVE



US Growth 40%
US Value 10%
Int'l Growth 30%
Global Value 10%
Bonds 10%