

At the start of 2008, we knew the year would be tough. But no one could have predicted such a deep crisis would engulf the financial market around the world.



Most investments were hit hard,

especially those with alternative investments in hedge funds. We are pleased to say BF&M has adhered to a traditional investment approach, which is straightforward and fully understandable, not hedge funds.

This year however, the only things that gained were US Treasury bonds. The typical method of mixing types of investments to protect against declines in another just did not work. In times of severe crisis, everyone sought U.S. Treasury bonds which were thought to be most safe.

Every other stock market and type of corporate bond was sold off in a panic. This drove prices wildly lower, below their true value in most cases. This has affected everyone's account balance..

The markets seem to have now stabilized, although it is still bumpy. It is broadly thought that the values in these investments will begin to come back later this year.

Given all of the market turmoil how do you get back on track? Here are some suggested guidelines based on your age.

Age: 20's

Retirement isn't even on your radar you have many years left. Downturns are a boon for young investors. You can afford to wait for recovery while scooping up equities at current discounted levels.

Age: 30's

Start paying attention to how your money is being invested. Learn to love asset allocation. You were probably overweight equities during this down turn as you thought bonds were not risky enough. The proportion of bonds in your portfolio should be at least your age, thus at least 30% in your case.

Age: 40's

Even though you are entering your peak earnings years, major expenses like school fees and mortgages loom. Increase your voluntary contribution to your pension plan. This money is not locked in and can be withdrawn when you need it, but it is put aside before you spend it frivolously. Your asset allocation should have at least 40% in bonds now.

Age: 50's

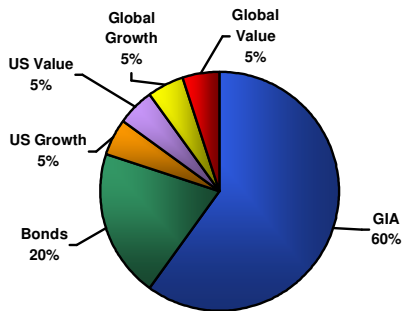
You now have a badly battered nest egg thanks to this year. The market should recover before you retire but how do you make sure you are protected against another down turn? Create a cash cushion in your pension by shifting 5-10% from bonds into the GIA. Your asset allocation should have at least 40% in bonds or cash now.

Age: 60's

Retire later or retire on less that is the question you face. Prepare to adjust your expectations and your game plan. Working a few extra years can help you add to savings and give time for your portfolio to rebound. Do not move all into cash as you will need a portion of your portfolio in equities to cover inflation. Bonds and cash should be over 60% of your portfolio.

Keeping Balanced

Markets can be unpredictable. We build the Risk Profiles for possible gains, at a level of uncertainty which is best for where you are in life.



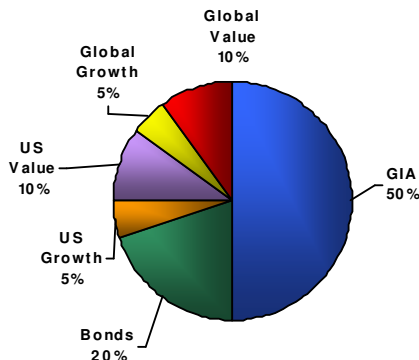
CONSERVATIVE

For the six month period ending December 31st, 2008 this risk profile fell by 8.16%, better than what happened in the overall market.

The 60% in the Guaranteed Interest Accumulator (GIA) was a stabilizer for the profile. We lost some points with the MFS Strategic Income Fund however. This bond fund makes up 20% of the Profile. It was selected to compliment the GIA, which is also a fixed income investment.

The MFS Strategic Income Fund has a large exposure to US corporate bonds and some other government bonds. In the current uncertain climate, corporate bonds performed badly. The fund shed nearly 12% in the last half of 2008. The fund is in the right investments for the long term and we continue to monitor it.

There was also 20% in equities with value, growth, US, and global funds. This weighed on performance this period but help it keep ahead of inflation over the long haul.



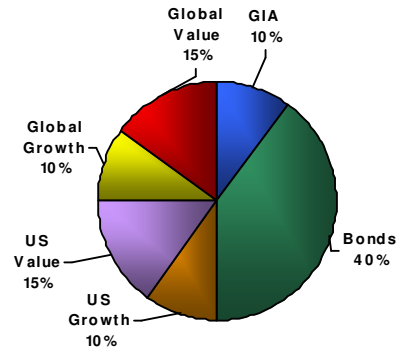
MODERATE

For the six month period ending December 31st, 2008 this risk profile was 11.57% lower, due to its balanced approach.

The GIA represents 50% of this profile. The larger 30% in equity funds resulted in a larger decline. The MFS Strategic Income Fund also contributed to the decline. It represented 20% of the profile. It has 2/3rds in corporate bonds which were sold off in the last quarter.

Whereas the GIA generated a positive return, the other funds were on the negative side. The MFS Fund shed 12% in the last six months. While the equity funds were down 30% or more. They were in line with the decline in the overall markets.

The amount that the equity markets fell was unexpected and in some way unprecedented. The largest decline on October 10th. The markets have been trading in a lower range, which is anticipated to rise in 2009.



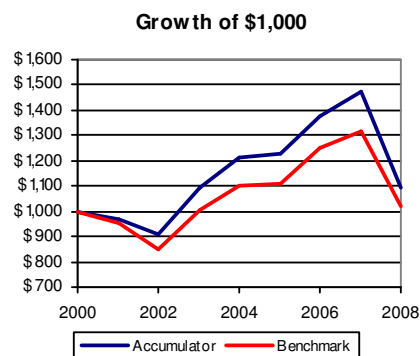
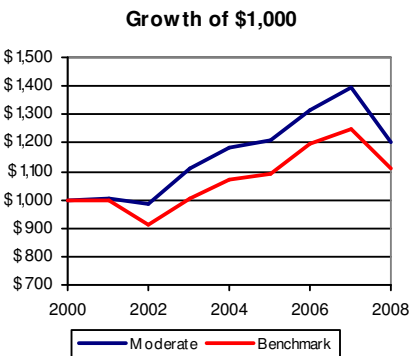
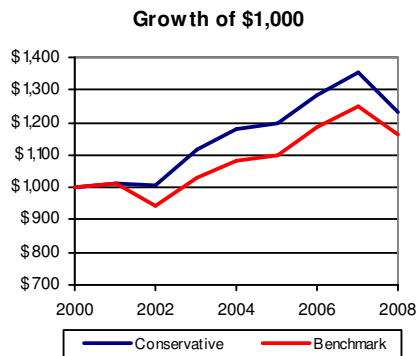
ACCUMULATOR

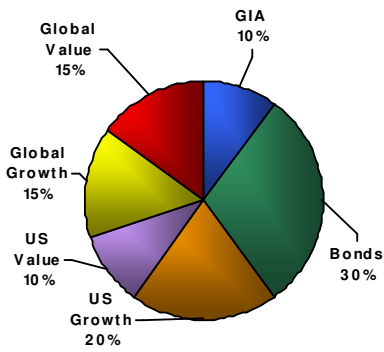
For the six month period ending December 31st, 2008 this risk profile lost 21.57%, staying ahead of the losses in a pure equity selection.

The GIA was cut back to 10% in this profile. It relied more on the market moves than guarantees to generate its returns. In this case the market returns were negative. The small weight in the GIA provided some under-pinning to the profile.

The MFS Strategic Income Fund is 40% of the fund mix. It was selected to compliment the GIA, which is also a fixed income investment. The MFS had 2/3rds in corporate bonds which were badly sold off last quarter. We will monitor it. Its investments are right for the future.

Equity funds are 50% of this profile. They were over 30% lower in the last half of the year. This unexpected and unprecedented decline has created a temporary set-back in a profile positioned for long-term growth.





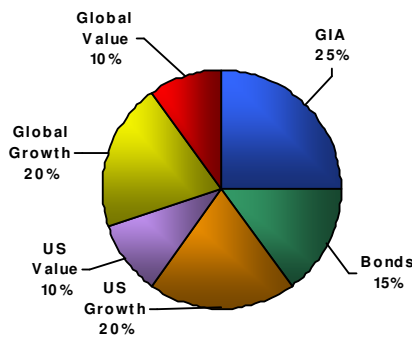
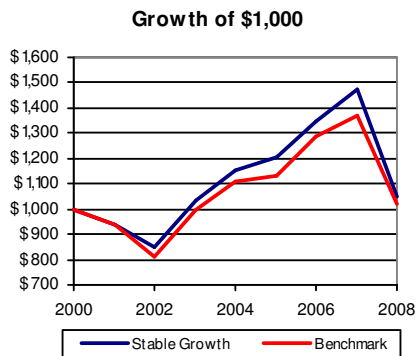
STABLE GROWTH

For the six month period ending December 31st, 2008 this risk profile fell by 24.38%, retaining more than a profile all in equities.

The 10% weight in the Guaranteed Interest Accumulator (GIA) provided some support for the profile. The 30% in the MFS Strategic Income Fund contributed to the decline, as did the 60% in equity funds..

The MFS Strategic Income Fund has a large exposure to US corporate bonds. The fund shed nearly 12% in the last half of 2008 due to the sharp sell-off. It is positioned for the long term and we continue to monitor it.

The equity funds declined by 30% or more, similar to the overall market. This resulted in a set-back in the returns. This profile is positioned for long-term growth, for someone with decades until retirement. There needs to be time allotted for equities to return to more normal values.



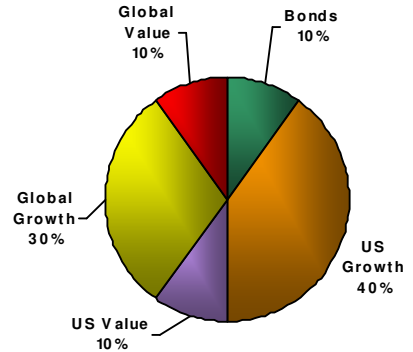
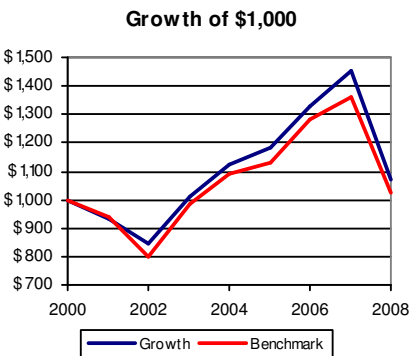
GROWTH

For the six month period ending December 31st, 2008 this risk profile lost 22.37% which is less severe than the overall market.

The profile has 25% in the GIA or Guaranteed Interest Accumulator. It added a positive to what was overall a negative period. The MFS Strategic Income Fund was the other fixed income investment at a 15% weight.

The MFS Strategic Income Fund has a large exposure to US corporate bonds. The fund shed nearly 12% in the last half of 2008 due to the sharp sell-off. It is positioned for the long term and has been moving higher since mid-November.

Equity funds made-up 60% of the profile, which makes sense for long-term time horizons. Equities do have periods of decline. So there needs to be sufficient time for the market to recover. This period equities fell by 30% or more. Ongoing investments will be bought up at bargain prices.



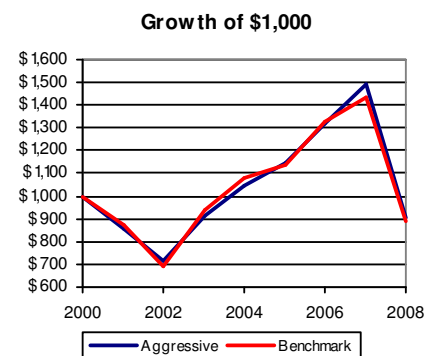
AGGRESSIVE

For the six month period ending December 31st, 2008 this risk profile was down by 33.20% almost a third which reflects its heavy equity emphasis.

Equities are 90% of the investments in this profile. The last six months has witnessed an unexpected and somewhat unprecedented decline in equity markets.

The equity funds in this profile were off by 30% or more. They were in line with the markets with the global value funds staying of its index. While the Franklin Templeton U.S. Opportunities Fund will tend to have higher highs and lower lows than the market.

In December, we changed the value funds in order to move toward investments in larger companies in the US. We retained the growth funds and the global bond fund, the MFS Strategic Income Fund due to its longer-term potential.



Golden Accumulator Retirement Plan

Summary Performance - as of December 31st 2008



SEG PLAN

PERFORMANCE BY PROFILE		Annualized returns for			For the
		5 Yrs	3 Yrs	1 Yrs	Period of
Guaranteed Interest	Annualized	3.11%	3.94%	3.48%	1.80%
	<i>Benchmark</i>	3.11%	3.94%	3.48%	1.80%
Conservative Risk	Annualized	1.60%	0.54%	-8.84%	-8.16%
	<i>Benchmark</i>	1.87%	1.24%	-6.79%	-6.15%
Moderate Risk	Annualized	1.11%	-0.67%	-13.39%	-11.57%
	<i>Benchmark</i>	1.26%	-0.13%	-11.41%	-9.60%
Accumulator	Annualized	-0.52%	-4.41%	-25.75%	-21.57%
	<i>Benchmark</i>	-0.08%	-3.08%	-21.72%	-17.58%
Stable Growth	Annualized	-0.20%	-4.85%	-28.75%	-24.38%
	<i>Benchmark</i>	-0.63%	-4.26%	-25.67%	-21.06%
Growth Risk	Annualized	0.55%	-3.85%	-26.25%	-22.37%
	<i>Benchmark</i>	-0.54%	-4.11%	-24.81%	-20.41%
Aggressive Risk	Annualized	-0.10%	-7.35%	-39.15%	-33.20%
	<i>Benchmark</i>	-2.53%	-8.42%	-38.05%	-31.10%

PAST & CURRENT FUNDS

PERFORMANCE BY FUND		Annualized returns for			For the
		5 Yrs	3 Yrs	1 Yrs	Period of
Guaranteed Interest	Account	3.11%	3.94%	3.48%	1.80%
	<i>NTB GIA</i>	3.11%	3.94%	3.48%	1.80%
MFS Strategic Inc/MS Global Bond	Fund	-1.07%	-2.05%	-12.34%	-11.58%
	<i>Composite Index</i>	2.65%	3.20%	-1.69%	-2.13%
Pioneer Basic Value/FT Mutual Beacon	Fund	-3.23%	-11.03%	-40.76%	-29.45%
	<i>S&P Value Index</i>	-4.12%	-11.61%	-41.24%	-28.98%
Templeton Global/Vontobel GIB	Fund	-0.68%	-6.61%	-44.04%	-35.98%
	<i>EAFE/MS World Indexes</i>	-2.70%	-10.43%	-45.09%	-37.10%
MFS Res Int'l/Putnam Intl	Fund	1.24%	-7.15%	-43.21%	-37.09%
	<i>EAFE Index</i>	-2.70%	-10.43%	-45.09%	-37.10%
TFM US Aggr/MS US Sml Cap	Fund	-0.01%	-8.21%	-41.18%	-35.92%
	<i>Russell 3000/ 2000 Grwth Index</i>	-3.44%	-8.98%	-39.31%	-32.88%

GIA Current Crediting Rate is 3.00%

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.

THERE WERE TWO FUND CHANGES IN DECEMBER 2008

The Pioneer North American Basic Value replaced the FT Mutual Beacon Fund and the Templeton Global replaced the Vontobel Global Value x-US Fund. These changes were made to increase the investments in larger companies globally while adding more to US companies. These funds identify stocks based on good prices for their potential earnings and better dividends. They are both top-ranked funds in the Value style category and are from established and world recognized fund companies. Fact sheets are available on www.bfm.bm - Products - BF&M SEG Plan.

What are Annualized Returns?

Annualized returns are basically the total change over a period in time, divided by the number of years. So a 2% annualized 5-year return means there was a total of 10% since 2003. It is important to note the change was higher in many years. It was brought down due to last year's decline. Likewise, a negative 5-year annualized return means the impact of 2008 eroded the returns gathered over the last 5 years. While some years it could have been up by 30%. That is why only people with a long time to retirement should be in aggressive funds. They have time on their side. Those with less time need to be more conservative.

For more assistance contact BF&M client service at 295-5566 x 2001, or call North Atlantic Asset Management Limited at 296-8288.