

BF&M pension matters

Golden Accumulator SEG Plan Newsletter 2nd Qtr 2009

After a vigorous stock rally, we could see a pull back... as economic and corporate earnings play catch up to recent market gains



While stocks posted their best quarter since 2003, we remain on guard this year due to weak economic conditions.

The broad stock market ended midyear holding onto the majority of a powerful rally after hitting a 12-year low on March 9. The Dow Jones Industrial Average surged 29%, yet remained -3.75% lower year-to-date. The S&P 500 Index ended the second quarter up 15% and was 1.8% higher on the year.

The second quarter marked a period of healing for global financial markets. Conditions continued to improve in many parts of the credit and lending markets. As investors became more comfortable, they shifted out of U.S. government bonds into assets with some risk, including corporate bonds and equities.

International stocks rose in the second quarter, particularly in emerging markets. Quarterly gains in developing countries such as Russia and China beat stock markets in the U.S., France, and England. Developed countries have continued to struggle due to the factors holding back the U.S. economic rebound, such as less lending and more consumer saving.

Bond markets were mixed in the

quarter, as riskier corporate bonds rallied while U.S. government bonds posted record declines. The last newsletter foretold that this would be likely, as the high price of seeking safety in government bonds was too expensive for the 1-2% return.

A steep decline in long-term government notes and bonds led the broader Treasury index to a -3.1% decline for the quarter and a -4.5% for the first half. That was the worst six-month performance in the history of the Merrill Lynch's Treasury Master Index.

Corporate bonds recovered to levels prior to the financial world collapse in September. The thawing credit markets enabled corporations to raise cash by issuing debt. This provided relief for companies in need of operating funds.

Outlook and Proposed Moves

While the fear that sent stocks to their lows has subsided, the focus remains on the overall economic and profit fundamentals.

To sustain the positive rally for the second half of the year, investors require convincing evidence that the U.S. economic decline has slowed and activity will begin to improve by year-end. Corporate profits will need

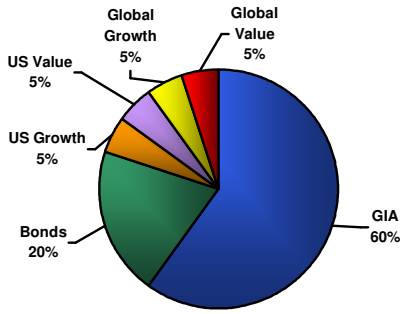
to match current profit forecasts to justify the current market values, and to exceed forecasts to support any upswing through the rest of the year.

Presently, emerging markets seem to offer the best long term opportunity for equity investors. Emerging Markets can withstand the slump better than their developed colleagues. The emerging countries are not over-leveraged and have well-capitalized banking systems. Their export driven growth have led to positive fiscal surpluses in foreign currencies.

Their younger demographics result in increased domestic consumption, due to higher birth rates, rising incomes, and urbanization. Added infrastructure and improvements in transportation links will support commodity prices and their economies going forward.

Risk profiles for those closer to retirement favor corporate bonds and the GIA, with some equity to hedge against inflation. For longer-term investors, profiles hold bonds as a buffer for volatility, while increasing the emphasis on equities for growth.

For help in selecting your risk profile, complete an updated risk profile quiz. Call BF&M at 295-5566 ext 2006 or 296-8288 for assistance.



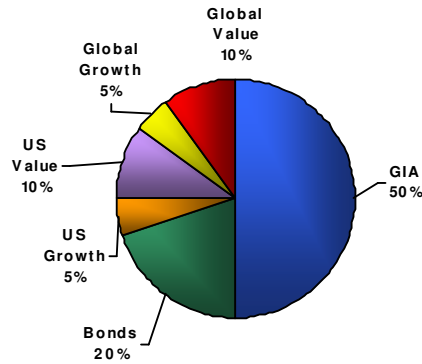
CONSERVATIVE

For the six month period ending June 30th, 2009 this risk profile rose by 3.48%, beating its index which rose 2.63%.

The major performance driver in the profile was the Pimco Total Return Fund which we use for the bond portion of the profile. It represents 20% of the profile and outperformed its index by 3.12% over the 6 month period, for a total return of 5.27%

As usual the 60% allocation to the GIA acts as a stabilizer in the profile. It returned 1.49% in the six month period and is currently yielding 2.5%

There was also 20% in equities with value, growth, US, and global funds. This provided a positive impact on the profile as equities gained substantially in the past six months but with such a small weighting the impact was minimal.



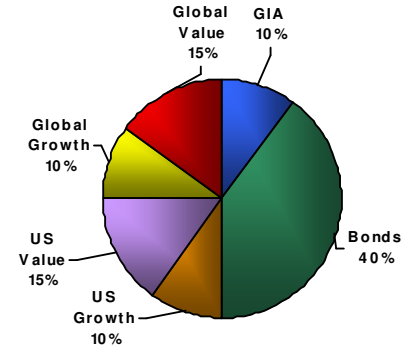
MODERATE

For the six month period ending June 30th, 2009 this risk profile rose 3.72%, outperforming its index which rose 2.77%.

The GIA represents 50% of this profile. The performance of the profile is mainly dictated by this fund. It currently yields 2.5% annually which is very competitive given the current interest rate environment. It returned 1.49% over the period.

The 30% in equity funds allocation resulted in a stronger performance than the less risky conservative profile. Equities staged a strong rally in the first six months of the year. Our selected equity funds excelled, with three of the four beating their indexes.

The recent addition of the PIMCO Total Return fund for the bond portion of the risk profile produced positive results as well. It represents 20% of the profile and outperformed its index by 3.12% for a total return of 5.27% in the six month period.



ACCUMULATOR

For the six month period ending June 30th, 2009 this risk profile gained 5.53%, outperforming its index which rose 3.69%.

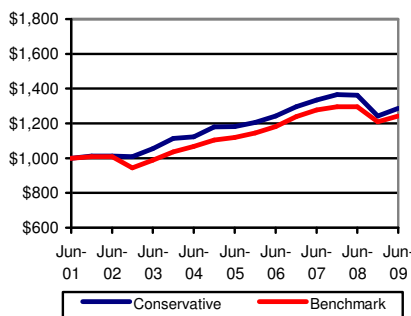
This risk profile represents a typical 50:50 mix of equities and fixed income.

The 10% in the GIA is an anchor for the profile during turbulent times. It is a consistent performer, although at a generally low rate of return.

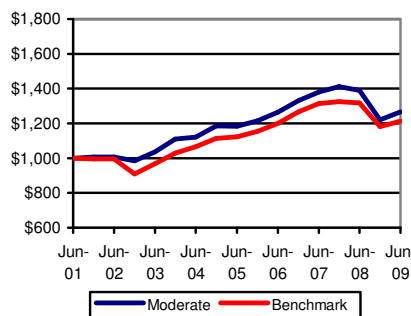
The bond exposure represents 40% of the profile and uses the PIMCO Total Return fund which has an excellent long term track record. True to form the fund performed well beating its index by 3.12%, for a total return of 5.27% this period.

Equity funds are 50% of this profile. These funds performed extremely well given the strong run in equities since March. Whereas indexes were slightly positive for the period, three of our four funds returned close to 5% this period, with one in excess of 13%, contributing to the performance of the profile.

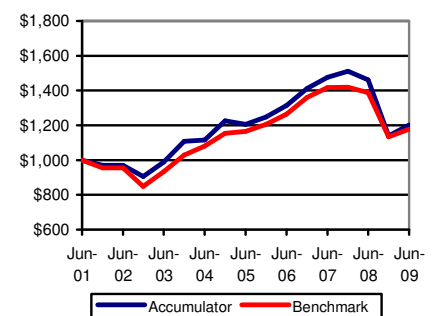
Growth of \$1,000

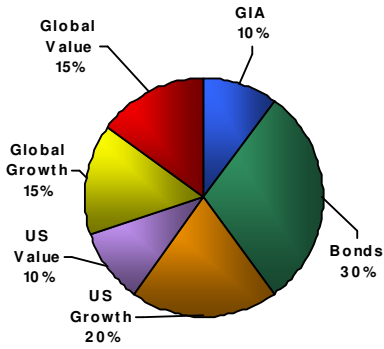


Growth of \$1,000



Growth of \$1,000





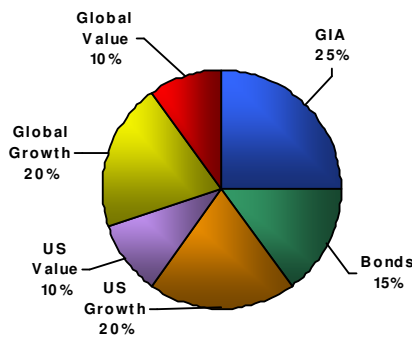
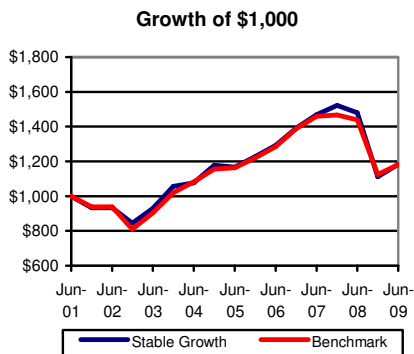
STABLE GROWTH

For the six month period ending June 30th, 2009 this risk profile rose 6.63% outperforming its index which rose 4.90%

With equities representing 60% of this risk profile, the outstanding performance of stocks since March contributed to its out performance.

With three out of four equity funds exceeding their indexes, this risk profile was on sound footing. In particular, the Franklin Templeton U.S. Opportunities fund and the MFS Research International fund demonstrated impressive returns versus the overall market, which was basically flat.

In addition, the bond fund which represents 30% of the risk profile managed to beat its benchmark by over three percent. The PIMCO Total Return fund has the ability to invest in many sectors of the bond market and is able to capture returns from many fixed income strategies.

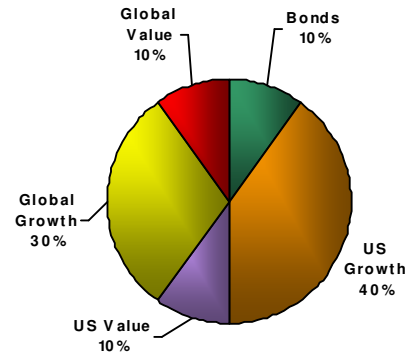
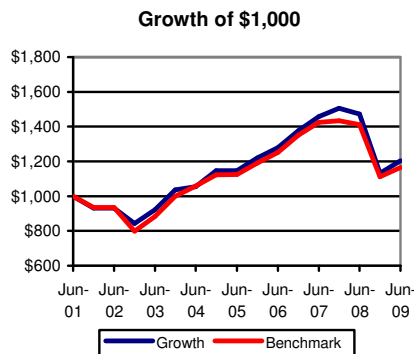


GROWTH

For the six month period ending June 30th, 2009 this risk profile rose 6.14% outperforming its index which rose 4.79%.

This profile has a higher allocation to the GIA than the profile to the left. The GIA provides consistent returns and reduces swings seen in equity investments. It is a good stabilizer, however it proved to be a slight drag on performance this period. Due to a higher allocation to the GIA, the profile had lower overall performance.

With equity funds making up 60% of the profile, it benefited strongly from the rebound in global stock prices from their March lows. Broader markets were mostly flat to slightly positive by mid year, yet all of the equity funds in this profile exhibited high single digit positive returns, with one in excess of 10% in six months.



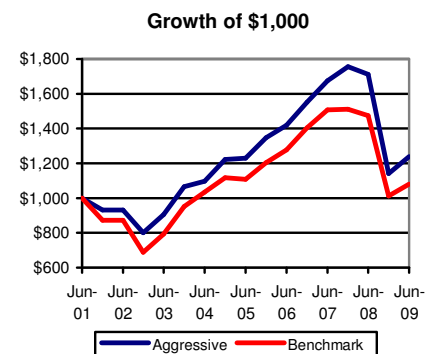
AGGRESSIVE

For the six month period ending June 30th, 2009 this risk profile rose 8.63% outperforming its index which rose 6.66%.

This is the riskiest of all the profiles with a 90% allocation to stocks and only 10% to bonds. The profile benefited on all aspects after the equity funds outperformed their indexes, as did the bond fund.

The profile has a 40% exposure to US growth, which has not only produced an absolute return of 13.7% but also beat its index by 3.2%. It was a similar experience for the global growth component which represents 30% of the profile. It returned 6.07% and beat its index.

Even the small portion which is allocated to bonds performed well. The PIMCO Total Return fund posted a 5.3% return in the six month period, exceeding its index by over three percent.



Golden Accumulator Retirement Plan



Summary Performance - as of June 30th 2009

SEG PLAN

PERFORMANCE BY PROFILE		Annualized returns for			For the
		5 Yrs	3 Yrs	1 Yrs	Period of 6 Mos
<u>Guaranteed Interest</u>	Annualized	3.21%	3.78%	3.19%	1.37%
	<i>Benchmark</i>	3.21%	3.78%	3.19%	1.37%
<u>Conservative Risk</u>	Annualized	2.75%	1.16%	-5.56%	3.48%
	<i>Benchmark</i>	3.05%	1.64%	-4.23%	2.63%
<u>Moderate Risk</u>	Annualized	2.47%	0.07%	-8.96%	3.72%
	<i>Benchmark</i>	2.63%	0.42%	-7.77%	2.77%
<u>Accumulator</u>	Annualized	1.52%	-2.93%	-17.72%	5.53%
	<i>Benchmark</i>	1.71%	-2.34%	-15.23%	3.69%
<u>Stable Growth</u>	Annualized	2.07%	-2.84%	-19.94%	6.63%
	<i>Benchmark</i>	1.76%	-2.77%	-17.93%	4.90%
<u>Growth Risk</u>	Annualized	2.66%	-2.07%	-18.40%	6.14%
	<i>Benchmark</i>	1.92%	-2.39%	-17.41%	4.79%
<u>Aggressive Risk</u>	Annualized	2.46%	-4.41%	-27.57%	8.63%
	<i>Benchmark</i>	0.89%	-5.44%	-26.70%	6.66%

PAST & CURRENT FUNDS

PERFORMANCE BY FUND		Annualized returns for			For the
		5 Yrs	3 Yrs	1 Yrs	Period of 6 Mos
<u>Guaranteed Interest</u>	Account	3.21%	3.78%	3.19%	1.37%
	<i>NTB GIA Index</i>	3.21%	3.78%	3.19%	1.37%
<u>PIMCO Total Return/MFS Strategic Inc</u>	Fund	0.41%	-1.18%	-6.92%	5.27%
	<i>Barclays US Agg. Total Return Index</i>	3.38%	3.00%	-0.03%	2.15%
<u>Pioneer Basic Value/FT Mutual Beacon</u>	Fund	-3.56%	-12.52%	-29.26%	0.26%
	<i>S&P Value Index Index</i>	-5.33%	-14.06%	-31.24%	-3.18%
<u>Templeton Global/Vontobel Gib</u>	Fund	-0.48%	-6.99%	-32.79%	4.97%
	<i>EAFE/MS World Indexes Index</i>	-2.11%	-10.49%	-33.55%	5.64%
<u>MFS Res Int'l/Putnam Intl</u>	Fund	2.39%	-8.20%	-33.27%	6.07%
	<i>EAFE Index Index</i>	-2.11%	-10.49%	-33.55%	5.64%
<u>TFM US Opportunities/MS US Sml Cap</u>	Fund	2.67%	-4.66%	-27.13%	13.73%
	<i>Russell 3000/ 2000 Grwth Index Index</i>	-1.92%	-7.66%	-25.83%	10.51%

GIA Current Crediting Rate is 2.50%

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.

Regain your Footing for Retirement

There has been a strong spring-back for most funds and risk profiles during the first half of this year. This has covered a lot of lost ground. It may take a few more years to restore all of the declines over the last year. Estimate your retirement balance using the BF&M Online Financial Calculators as a guide. They are listed on the menu bar at www.bfm.bm. The Retirement Income Planner option will estimate a possible monthly income, based on your existing balance, annual contributions, age, and estimated rates of return. This will give you an idea whether you could benefit from additional voluntary contributions.

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