

BF&M INVESTMENT NEWSLETTER

For the **GOLDEN ACCUMULATOR PLAN**

2nd Qtr 2007

Investment Overview as of 27-July-2007

Like a rising tide that lifts all boats, rising global equity markets lifted the returns across all risk profiles, especially those emphasizing equities. The global bond markets did not fare so well. Acting as an anchor line that may have been a bit too short, some of the bond markets ended the six month period with their nose under water. The US dollar continued to tank with the British Pound hitting over 2.01, the Euro crossing 1.35 and the Canadian Dollar pushing 94-cents to the US Dollar.

International equities benefited from these multi-year highs. Equity markets overall sustained their upward momentum on the strength of surging economic growth, which increased during the 2nd quarter. As a result, stock markets in the US, Europe, and Asia reached new records. As the economies heat up, wages have been rising and commodity prices increasing. Higher prices can translate into inflation that can erode stock and bond prices.

Strong earnings growth for US multi-national corporations has been assisted by a weaker dollar, making products more affordable overseas. European markets excelled over the last year and remain compelling over the longer-term, as stock prices are a better value as compared to their growth potential. US stocks may dominate this year. Asian and Latin American markets offer the potential for exceptional returns, but only in exchange for a lot of volatility and downside risk.

Since the market downturns of the early 2000's, many corporations amassed large cash reserves. This has enabled them to buy-back their shares, meaning more profit to split among fewer shares-outstanding. The cash 'cherry' has also made corporations ripe for the picking by other companies and by 'private equity' firms. Those are groups of investors whom invest some of their own money and then borrow the rest, to buy-up promising companies. This Merger & Acquisition (M&A) activity put froth on an already bubbling equities market.

In order to stave off inflation, many central banks have increased key lending rates. The Bank of England upped their rate to 5.75% recently and the European Central Bank rate is now 4.0%. Even the Canadian Central Bank hiked rates to 4.5%. These are likely to still go higher. The US have kept their rate at 5.25% since last summer and investors have changed their expectations from a rate-cut this summer to a rate hike later this year. Higher rates can have huge impacts on the economy, with the intention to slow corporate and consumer spending.

Rate hikes also had a significant impact on the returns in the bond markets. Short-term interest rates peaked at over 5% in the US and the UK and over 4.5% in Canada and Europe. This pushed the market price lower for longer-term bonds, leading to negative returns for the period. The crisis in the US mortgage market and resultant problems in hedge funds invested in mortgages were additional pressures. A cascade of selling into a declining market pushed prices below their intrinsic value.

Problems in the mortgage-markets hurt financial companies, now faced with writing-off the bad debts. Concerns mounted about the financial health of financial companies, along with companies acquired through M&A and financed with debt. Investors are demanding a higher return for the increased risk that these companies might not be able to service their debt. As a result, the corporate bond market had a greater downturn than government bonds.

What does this all mean to people saving for their retirement? Stay the course. Risk Profiles for the pension plans are designed to provide the right amount of upside potential as compared to the potential downside risk. The longer you have, or the more money you have for retirement, the more aggressive you can be. If you are approaching retirement years, preserve your account from the greater volatility in the equity markets by being more moderate. Resist the temptation to make your long-term decisions on the short-term variations in the financial markets. Navigate safely toward your retirement goals.

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.

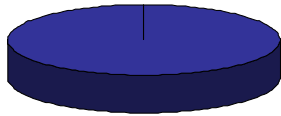
FINANCIAL PERFORMANCE BENCHMARKS

Indexes for Mutual Fund Comparisons
through June 30,2007

INDEX NAME	6 Mos	1 Year	3 Years	5 Years	COMPARISON FOR
NASDAQ Composite Index	7.35%	24.71%	11.75%	14.41%	US Growth Equities
S&P Barra Value Index	6.15%	19.02%	12.55%	10.36%	US Value
S & P 500 Index	6.00%	13.41%	9.64%	8.71%	US Equities
Russell 2000 Index	5.85%	15.09%	12.13%	12.49%	US Small Cap Equities
MS US Sml Co Growth Index	13.38%	20.05%	14.08%	15.51%	US Sml Cap Grw
MSCI World-Dev'lp USD Index	8.01%	21.46%	14.69%	12.02%	Global Equities(All)
MSCI Global Sml Cos Index	9.65%	20.15%	17.87%	18.09%	Global Smaller Cos
MSCI Emr Mrkt Index	16.11%	41.89%	34.88%	27.05%	Emerging Market Equities
MSCI EAFE Index	9.05%	24.18%	19.45%	15.02%	Europe, Asian & Far East
MS Nrth Amer Comp Index	1.54%	5.76%	4.42%	4.93%	Nrth Amr Corp Bonds
ML US Corp&Gov Mstr	1.00%	6.05%	3.90%	4.72%	US Corp Bonds
JPM Gib Gov Bond Index	-0.33%	3.32%	3.74%	6.70%	Global Government Bonds
JP Morgan EMBI Global Index	0.94%	11.71%	11.99%	14.07%	Emerging Market Bonds
Ryan Labs US 10 Yr Index	-0.91%	4.76%	3.00%	4.16%	US Government Bonds
Ryan Labs Cash Index	2.71%	5.40%	3.83%	2.75%	Money Market Funds

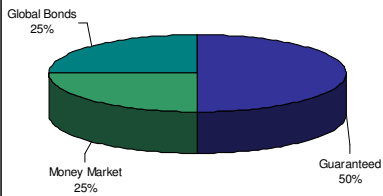
CURRENT GIA CREDITING RATE 4.5%

GUARANTEED RETURN

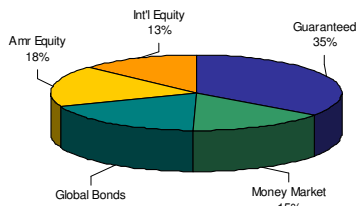


GIA
100%

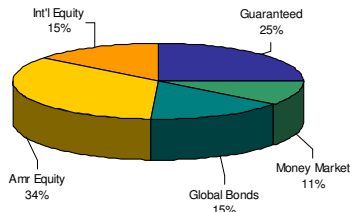
FIXED INCOME



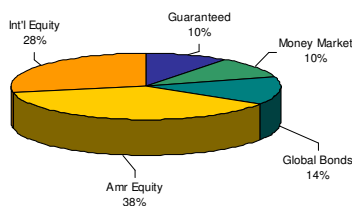
CONSERVATIVE



MODERATE



AGGRESSIVE



BF&M Golden Accumulator Pension Plan Summary Performance-June 2007 for the McLean Budden Funds



PERFORMANCE BY PROFILE

		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 3 Mos
Guaranteed	Profile Returns	2.87%	3.03%	4.36%	1.05%
	<i>RT Cash Index</i>	2.75%	3.82%	5.38%	1.36%
Fixed Income	Profile Returns	3.28%	3.51%	5.19%	0.80%
	<i>Weighted Index</i>	3.09%	3.76%	5.37%	1.57%
Conservative	Profile Returns	6.55%	6.95%	10.28%	2.58%
	<i>Weighted Index</i>	6.46%	7.66%	11.00%	3.06%
Moderate	Profile Returns	8.32%	8.59%	13.22%	3.73%
	<i>Weighted Index</i>	7.96%	9.26%	13.85%	3.88%
Aggressive	Profile Returns	10.27%	10.92%	16.15%	4.59%
	<i>Weighted Index</i>	10.30%	12.09%	17.37%	4.60%

PERFORMANCE BY FUND

		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 3 Mos
Money Market	Fund	2.74%	3.83%	5.46%	1.49%
	<i>ML 91 Day T-Bill Index</i>	2.76%	3.77%	5.21%	1.27%
Global Bonds	Fund	4.63%	4.17%	6.59%	-0.40%
	<i>Citigroup Treasury/Gov Bond Index</i>	4.11%	3.61%	5.53%	-0.40%
Diversified	Fund	10.20%	10.74%	15.39%	2.97%
	<i>Weighted Index</i>	10.48%	11.58%	16.23%	3.73%
American Equity	Fund	12.83%	12.06%	21.37%	7.47%
	<i>S&P 500 Ttl Rtrn Index</i>	10.71%	11.68%	20.59%	6.28%
International Equity	Fund	15.00%	18.07%	21.91%	5.55%
	<i>EAFE Ttl Rtrn Index</i>	18.21%	22.75%	27.54%	6.67%

Past performance is no guarantee of future returns. The value of the securities held within each fund may go up as well as down and any income received may vary. Investments involves risk, disclosed in the Statement of Investment Policies and Procedures, available upon request. Currency fluctuations within a fund also affect 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

Your pension plan is established to help you prepare for your retirement. The balance you accumulate will be used to provide a life-time income for you after you reach the age of 65. How much you amass and what that means in terms of annual retirement income will depend upon your years in the plan and your risk profile. The amount is not guaranteed and will change depending upon market returns and your contribution level. Use the BF&M Financial Calculators at www.bfm.bm to estimate your possible retirement income. The Calculators are found on the first line of the home page. They are easy to use and free of charge.

For more information contact BF&M retirement advisors at 295-5566 x2006.