

BF&M INVESTMENT NEWSLETTER

For the GOLDEN ACCUMULATOR PLAN

4th Qtr 2007

Investment Overview as of 25-January-2008

There were two distinct investment phases in 2007. The first six months was marked by a strong upswing in equities. The story changed dramatically in July. There were waves of write-downs of mortgage investments which led to severe losses by leading financial institutions. This was combined with a shrinking housing market and the companies supporting it. Home mortgage companies Countrywide in the US and Northern Rock in the UK were both facing bankruptcy. The linchpin that had held the market together was the liquidity or ability to borrow or lend money to keep the economic wheels turning.

Money or short-term lending markets were headed for a standstill in November as lendable funds evaporated with the losses. This prompted a coalition of central banks from the US, UK, Europe, and Switzerland to make billions available to keep the loans flowing. In December, rates were cut a quarter of a percent in the US, after the one-half point cut in September. These were topped by a three-quarter point chop in January bringing rates to 3.5% and another one in the offing, all designed to reduce the cost of borrowing and stimulate spending.

The dollar dropped by close to 10% in 2007 on a trade-weighted basis. Indications are it is now oversold based on its purchasing power. The US deficit has been a drag on the dollar. It narrowed recently, as exports picked-up. It also lost due to the interest rate differential in favor of the Euro and the Pound. The Bank of England will likely cut rates again soon, after their quarter point decline to 5.5% in December. This has put pressure on the Pound as well. The European Central Bank prefers to keep their rate at 4% to control inflation. This has supported the Euro.

The equity markets grew increasingly volatile as a result of all the turbulence. They would spike-up on positive economic indicators and tank on negative news. Returns varied between equity types. Growth-oriented and larger companies with strong exports delivered positive returns for the six month period. Smaller-companies reliant on domestic markets faltered and failed. Non-US equities benefited from returns denominated in other currencies.

Over the last six months, bond returns were the strongest, rising by some 5-11%. Bonds tend to rise when interest rates drop. Government-issued treasuries were particularly buoyant driven by investors who grew uncomfortable with the rising market uncertainty. Corporate bonds were bid-lower when investors demanded a higher yield due to deterioration in their bond interest-coverage and credit-downgrades resulting from severe losses in the financial sector.

Foreign interests came to the rescue of financial firms. Citigroup received \$7.5 billion from Abu Dhabi. UBS sold an \$11.5 billion stake to strategic investors in Singapore and the Middle East. And Merrill Lynch/Blackstone obtained a \$3 billion bail-out from China. This provided them with the capital to meet reserve requirements, damaged from recent write-offs. Even US bond agency FNMA looked to raise \$6 billion. While the companies that insure against corporate bonds from default, were themselves facing a credit downgrade.

By the end of the year, US and UK consumers were dept-ridden and their home equity was eroded as property prices fell. This cast doubt on whether they could continue to spend their countries out of an economic malaise. On a positive note, US consumer confidence rose in January. However, their spending power had been eroded by rising inflation with crude oil crossing \$100 a barrel. Inflation rose in Europe as well, over 3% in December.

Signs are that manufacturing has slowed globally due to a decline in corporate capital spending as well as home construction and related expenditures. The service sector has also slowed, being comprised largely by financial services. Profits for most companies outside of the financial sector were positive in the latter part of the year. Many still have cash to spend and take-over activity has resumed, although profit growth slowed last year, with the rate of increase projected to be 6% in 2008.

The developed world may have moved from an expansionary economy in 2007 to a slowdown which is expected to last through the first half of 2008. This environment typically favors bonds and cash-like investments. A great deal of upside has already been captured in government bonds and risk remains in some areas of the corporate bond arena. Money markets rates are declining in tandem with government rate cuts. Equities still play a role, with large US multi-nationals, along with Europe ex-UK and Pacific ex-Japan regions favored. Volatility is expected to remain high, with smaller company stocks expected to under-perform. The important point is to have a mix of investments which match individual financial objectives.

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.

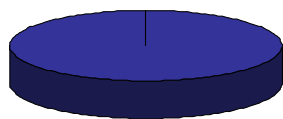
FINANCIAL PERFORMANCE BENCHMARKS

through December 31,2007

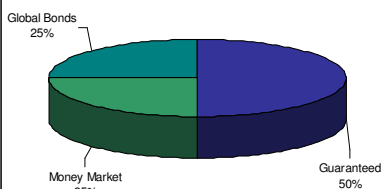
INDEX NAME	6 Mos	1 Yr	3 Yrs	5 Yrs	COMPARISON FOR
NASDAQ Composite Index	1.88%	9.81%	6.83%	14.70%	US Growth Equities
S&P Barra Value Index	-6.20%	-0.43%	6.75%	12.19%	US Value
S & P 500 Index	-2.33%	3.53%	6.61%	10.78%	US Equities
Russell 2000 Index	-14.18%	-8.12%	5.54%	14.86%	US Small Cap Equities
MS US Sml Co Growth Index	-3.51%	9.40%	9.81%	18.13%	US Sml Cap Grw
MSCI World-Dev'lp USD Index	-0.85%	7.09%	10.76%	14.92%	Global Equities(All)
MSCI Global Sml Cos Index	-9.30%	-0.55%	9.57%	9.36%	Global Smaller Cos
MSCI Emr Mrkt Index	17.54%	36.48%	31.95%	33.63%	Emerging Market Equities
MSCI EAFE Index	-0.39%	8.62%	14.14%	18.78%	Europe, Asian & Far East
ML US Corp&Gov Mstr	6.21%	7.27%	4.52%	4.45%	US Corp Bonds
JPM Gib Gov Bond Index	11.17%	10.81%	3.37%	7.08%	Global Government Bonds
JP Morgan EMBI Global Index	5.29%	6.28%	8.94%	12.66%	Emerging Market Bonds
Ryan Labs US 10 Yr Index	11.03%	10.01%	4.73%	4.12%	US Government Bonds
Ryan Labs Cash Index	2.47%	5.25%	4.39%	3.08%	Money Market Funds

CURRENT GIA CREDITING RATE 3.75%

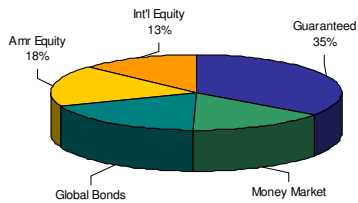
GUARANTEED RETURN



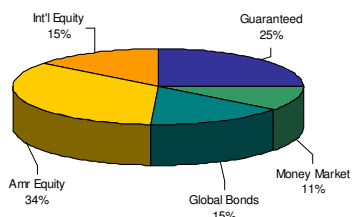
FIXED INCOME



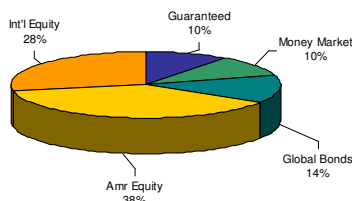
CONSERVATIVE



MODERATE



AGGRESSIVE



BF&M Golden Accumulator Pension Plan

Summary Performance-December 31st, 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	2.89%	3.45%	4.25%	1.01%
	<i>NTB GIA</i>	2.89%	3.45%	4.25%	1.01%
Fixed Income	Profile Returns	3.37%	4.07%	5.53%	1.63%
	<i>Weighted Index</i>	3.25%	4.04%	5.57%	1.73%
Conservative	Profile Returns	6.09%	6.42%	6.47%	0.61%
	<i>Weighted Index</i>	7.82%	6.87%	6.30%	0.48%
Moderate	Profile Returns	7.59%	7.67%	7.55%	0.12%
	<i>Weighted Index</i>	9.89%	7.99%	6.39%	-0.34%
Aggressive	Profile Returns	10.50%	9.14%	7.68%	-0.48%
	<i>Weighted Index</i>	12.61%	9.87%	7.39%	-0.94%

PERFORMANCE BY FUND

		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of
					3 Mos
Money Market	Fund	3.07%	4.37%	5.26%	1.21%
<i>ML 91 Day T-Bill</i>	<i>Index</i>	3.07%	4.30%	5.00%	1.05%
Global Bonds	Fund	4.61%	5.00%	8.35%	3.29%
<i>Citigroup Treasury/Gov Bond</i>	<i>Index</i>	4.16%	4.94%	8.79%	3.85%
Diversified	Fund	11.49%	9.13%	7.65%	0.04%
<i>Weighted Index</i>	<i>Index</i>	15.71%	12.28%	7.22%	0.45%
American Equity	Fund	14.47%	10.67%	12.02%	-1.10%
<i>S&P 500 Ttl Rtrn Index</i>	<i>Index</i>	12.83%	8.62%	5.49%	-3.33%
International Equity	Fund	17.47%	12.79%	3.70%	-2.64%
<i>EAFE Ttl Ret Lrg Cap Index</i>	<i>Index</i>	22.08%	17.32%	11.63%	-1.71%

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

We have selected Fortis Investment Management to assume the responsibility for the International Equity strategy in 2008. Fortis is recognized for its expertise in international equities. They have staff in 22 countries covering the globe and manage over \$187 billion. The fund will invest in the countries as included in the Morgan Stanley Europe Australasia and Far East (EAFE) Index and will more broadly participate in the growth regions of the world. There will be no new forms to fill out and your risk profiles will remain as you have already selected.

For more information contact BF&M retirement advisors at 295-5566 x2006 or its investment subsidiary, North Atlantic Asset Management at 296-8288.