

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 a moderate 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.

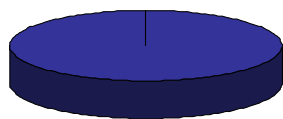
FINANCIAL PERFORMANCE BENCHMARKS

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 Equities
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

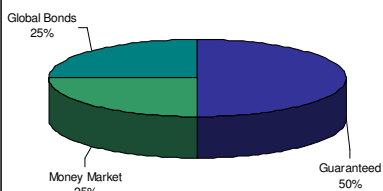
CURRENT GIA CREDITING RATE 3.25%

GUARANTEED RETURN



GIA
100%

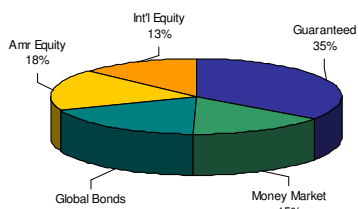
FIXED INCOME



Money Market
25%

Guaranteed
50%

CONSERVATIVE



Amr Equity
18%

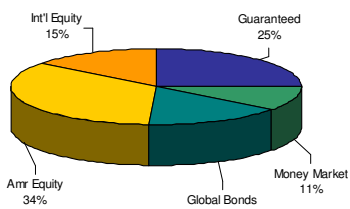
Int'l Equity
13%

Guaranteed
35%

Global Bonds
19%

Money Market
15%

MODERATE



Amr Equity
34%

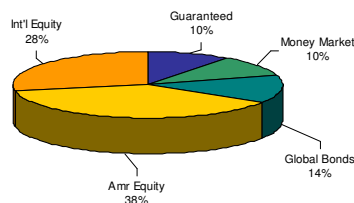
Int'l Equity
15%

Guaranteed
25%

Global Bonds
15%

Money Market
11%

AGGRESSIVE



Int'l Equity
28%

Guaranteed
10%

Money Market
10%

Global Bonds
14%

Amr Equity
38%

BF&M Golden Accumulator Pension Plan

Summary Performance-March 31st, 2008

Separately Managed Accounts (SMA)



PERFORMANCE BY PROFILE

		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of
					3 Mos
Guaranteed	Profile Returns	2.92%	3.62%	4.12%	0.92%
	<i>NTB GIA</i>	2.92%	3.62%	4.12%	0.92%
Fixed Income	Profile Returns	3.51%	4.45%	5.82%	1.50%
	<i>Weighted Index</i>	3.45%	4.55%	6.16%	1.73%
Conservative	Profile Returns	6.12%	6.11%	3.88%	-0.92%
	<i>Weighted Index</i>	7.22%	6.06%	3.33%	-1.57%
Moderate	Profile Returns	7.47%	6.90%	3.02%	-2.47%
	<i>Weighted Index</i>	8.79%	6.47%	1.54%	-3.52%
Aggressive	Profile Returns	10.43%	8.02%	1.85%	-3.68%
	<i>Weighted Index</i>	11.65%	7.85%	0.12%	-5.27%

PERFORMANCE BY FUND

		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of
					3 Mos
Money Market	Fund	3.21%	4.50%	4.90%	0.96%
<i>ML 91 Day T-Bill</i>	<i>Index</i>	3.18%	4.41%	4.62%	0.88%
Global Bonds	Fund	4.98%	6.07%	10.13%	3.18%
<i>Citigroup Treasury/Gov Bond</i>	<i>Index</i>	4.79%	6.53%	11.76%	4.20%
Diversified	Fund	11.75%	8.62%	3.19%	-2.10%
<i>Weighted Index</i>	<i>Index</i>	10.94%	8.61%	3.75%	-3.79%
American Equity	Fund	13.61%	8.31%	0.82%	-7.67%
<i>S&P 500 Ttl Rtrn Index</i>	<i>Index</i>	11.32%	5.85%	-5.08%	-9.44%
International Equity	Fund	18.17%	11.22%	-2.78%	-5.23%
<i>EAFE Ttl Ret Lrg Cap Index</i>	<i>Index</i>	21.90%	13.79%	-2.27%	-8.82%

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

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