

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 This money is not locked in and can be withdrawn when you need it, but it is put aside before you spend it frivolously.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

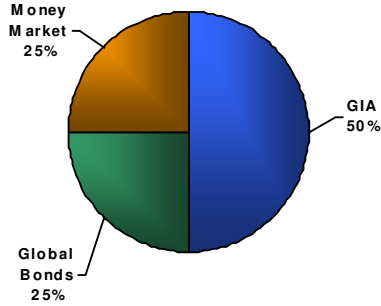
You now have a badly battered nest egg thanks to this year. The market should recover before you retire but how do you make sure you are protected against another down turn? Create a cash cushion in your pension by shifting 5-10% from bonds into the GIA. Your asset allocation should have at least 40% 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 to balance any potential gain against the intermittent downside. Select the Risk Profile which is right for you.



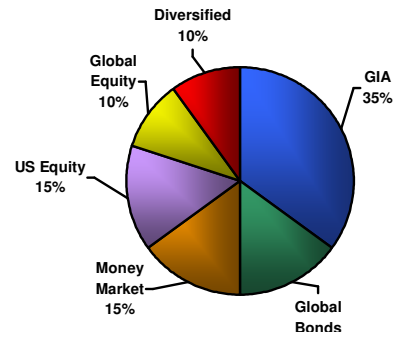
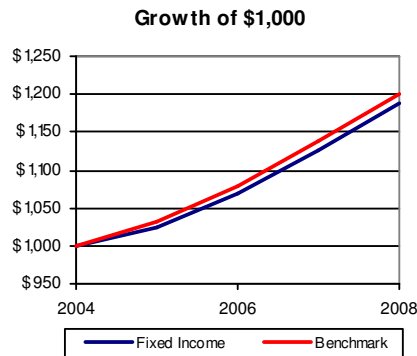
FIXED INCOME

For the six month period ending December 31st, 2008 the Fixed Income risk profile returned 3.63% and 5.37% for the year of 2008.

This profile has 50% in the Guaranteed Interest Accumulator (GIA), which gave a solid base. The remainder of the investment was split evenly between Money Markets and Global Bonds.

The bulk of the return is due to the Global Bond fund, managed by McLean Budden Investment Mgt. The fund is comprised of primarily of US and Canadian treasury bonds. The fund has some corporate bond and US agency investments. Government bonds performed extremely well during the period.

The GIA and the Money Market fund contributed over a 1% return over the last half, and nearly 3% each for the year. They performed well in comparison to a money market index.



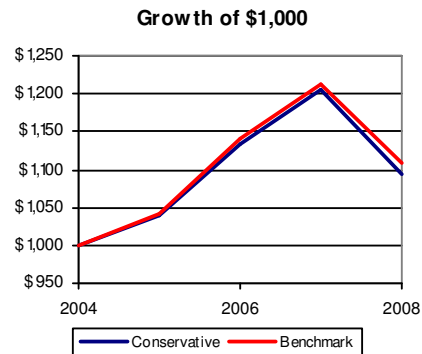
CONSERVATIVE

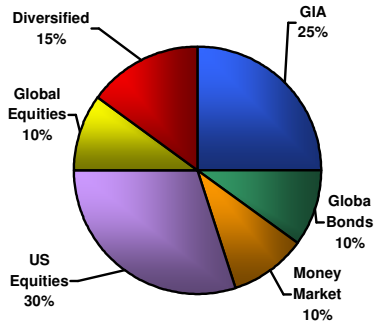
For the six month period ending December 31st, 2008 the Conservative risk profile fell by 7.79% and 9.32% year to date.

This profile has almost 70% invested in fixed income investments. The Guaranteed Interest Accumulator (GIA) gave it a solid base, while the Global Bond fund provided most of the returns.

Equity funds were hard hit in the latter part of 2008. The American and International Equities funds were no exception. They were down 31% to 42% each, which were slightly more than their indexes.

The American Equity returns were a result of stock picks and emphasis in sensitive sectors. The International Equity fund was lower due to the investments in UK mineral and European financial companies. It was also affected by different currency fluctuations.





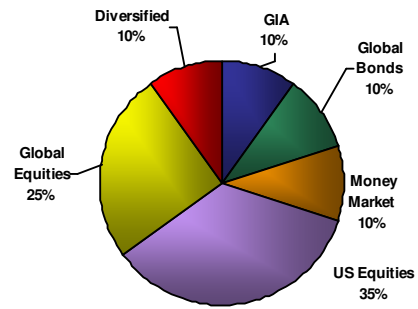
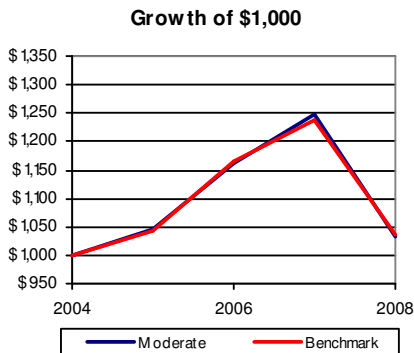
MODERATE

For the six month period ending December 31st, 2008 the Moderate risk profile retreated by 13.77%, and was 17.30% lower than the start of the year.

This is a balanced profile between equities and fixed income securities. The GIA (Guaranteed Interest Accumulator), Global Bond, and Money Market funds generated positive returns during the period.

The equity investments in both the US and internationally pulled the overall returns into negative territory. The American Equity fund declined more than its index due to a number of stock picks and its emphasis in sensitive sectors. The International Equity fund was impacted by investments in UK mineral and European financial companies.

Currency fluctuations also played a role. The returns are reported in US dollars. Stocks are bought in various currencies from around the world.



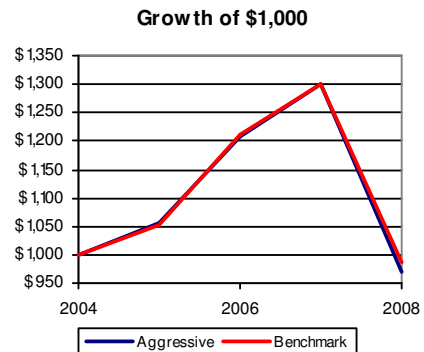
AGGRESSIVE

For the six month period ending December 31st, 2008 the Aggressive risk profile gave up 21.39% of its earlier gains. It was off by 25.53% from the beginning of 2008.

Equity funds make up most of this profile. Equities around the world were battered in 2008. The American and International Equities funds were no exception. They were down 31% to 42% each, which were slightly more than their indexes.

However, the profile has over 1/3rd in fixed income investments. This helped to offset the downside. The Global Bond fund provided most of the upside, along with contributions by both the Money Market and GIA. The funds are made up of US and Canadian treasuries, along with high quality corporate bonds.

The American and International Equity funds lost points on stock picks and their emphasis in sensitive industry sectors. The International fund was also affected by different currency fluctuations.



Golden Accumulator Retirement Plan

Summary Performance - as of Dec. 31st, 2008



Separately Managed Accounts (SMA)

PERFORMANCE BY PROFILE		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 6 Mos
<u>Guaranteed</u>	Profile Returns	3.11%	3.94%	3.48%	1.80%
	<i>NTB GIA</i>	3.11%	3.94%	3.48%	1.80%
<u>Fixed Income</u>	Profile Returns	3.96%	5.02%	5.37%	3.63%
	<i>Weighted Index</i>	3.91%	5.03%	5.47%	3.75%
<u>Conservative</u>	Profile Returns	2.09%	0.78%	-9.32%	-8.49%
	<i>Weighted Index</i>	2.15%	1.17%	-8.58%	-7.31%
<u>Moderate</u>	Profile Returns	1.08%	-1.43%	-17.30%	-14.82%
	<i>Weighted Index</i>	0.92%	-1.14%	-16.31%	-13.21%
<u>Aggressive</u>	Profile Returns	0.21%	-3.97%	-25.53%	-22.09%
	<i>Weighted Index</i>	0.78%	-3.14%	-24.05%	-19.48%

PERFORMANCE BY FUND		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 6 Mos
<u>Money Market</u>	Fund	3.38%	4.31%	2.54%	1.10%
	<i>ML 91 Day T-Bill</i>	<i>Index</i>	3.25%	3.96%	2.06%
<u>Global Bonds</u>	Fund	6.23%	7.87%	11.96%	9.80%
	<i>Citigroup Treasury/Gov Bond</i>	<i>Index</i>	6.18%	8.29%	12.85%
<u>Diversified</u>	Fund	1.88%	-2.00%	-23.23%	-18.31%
	<i>Weighted Index</i>	<i>Index</i>	-2.38%	-0.99%	-21.79%
<u>American Equity</u>	Fund	-1.45%	-7.37%	-38.35%	-31.27%
	<i>S&P 500 Ttl Rtrn Index</i>	<i>Index</i>	-2.19%	-8.36%	-37.00%
<u>International Equity</u>	Fund	-2.24%	-11.22%	-46.33%	-42.35%
	<i>EAFE Ttl Ret Lrg Cap Index</i>	<i>Index</i>	2.10%	-6.92%	-43.06%

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.

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.