



*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 hit 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 last seen 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

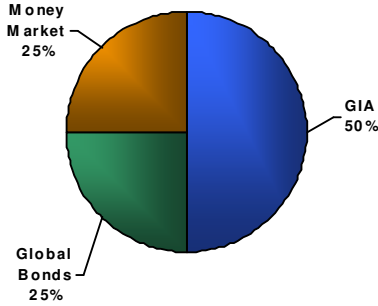
to match current profit forecasts to justify the current market values and to exceed forecasts to support any upswing through the rest of the year.

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.***



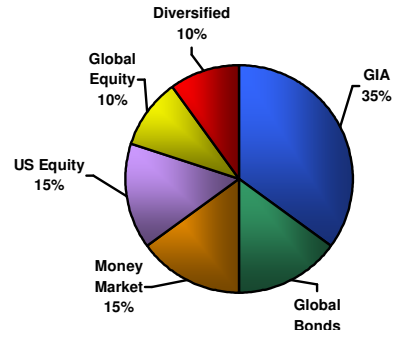
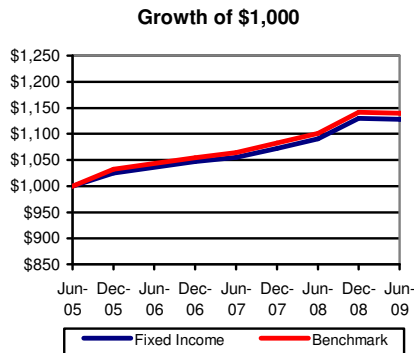
### FIXED INCOME

For the six month period ending June 30<sup>th</sup>, 2009 the Fixed Income risk profile declined 0.20%, while its benchmark index declined 0.16%.

This profile has 50% in the Guaranteed Interest Accumulator (GIA), which gave a solid base for performance as it is currently yielding 2.5% and returned 1.5% over the current six month period. The remainder of the profile is split evenly between money market and global bonds.

The money market fund remained positive, earning just over 0.3% in the period.

The major contributor to the negative performance was the global bond fund which declined 3.8%. The fund has a high allocation to U.S. government bonds. This helps keep the fund conservative but U.S. government bonds had their worst six month performance in history this period.

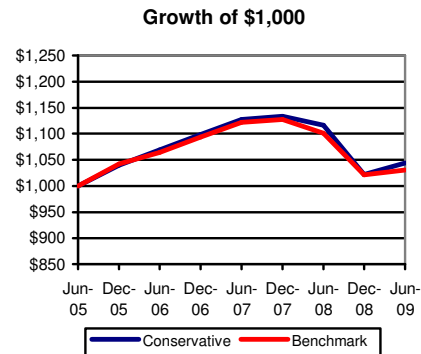


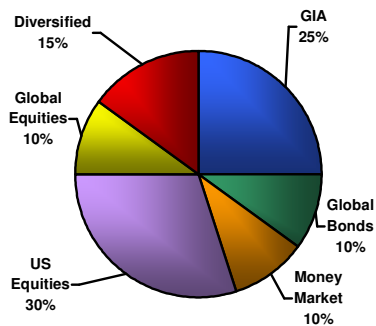
### CONSERVATIVE

For the six month period ending June 30<sup>th</sup>, 2009 the Conservative risk profile rose 2.22%, while its benchmark index rose 0.94%.

This profile has almost 70% invested in fixed income investments. The majority of this fixed income portion is in the Guaranteed Interest Accumulator (GIA) which provides a conservative base. The remainder is in the global bond fund which detracted from returns as U.S. government bonds had their worst six month return in history this period.

Equity funds reversed course from last year and provided strong performance this period. In particular the U.S. equity fund returned in excess of 4% over its benchmark and an overall return of 7.2% for the period. The international equity fund was a boost to the profile with an 8.8% gain during the first half of 2009.





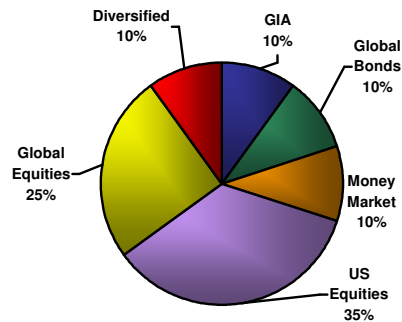
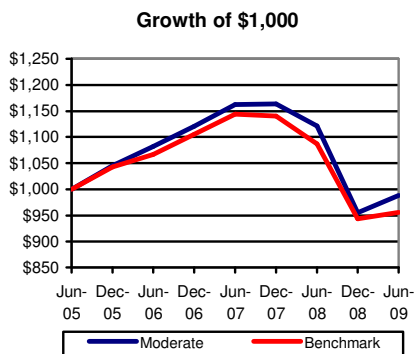
### MODERATE

For the six month period ending June 30<sup>th</sup>, 2009 the Moderate risk profile rose 3.49%, while its benchmark index rose 1.27%.

This is a balanced profile between equities and fixed income securities. The GIA and the money market funds provide the stability for the profile and performed reasonably well for the period given the low interest environment.

The equity investments reversed course from last period and throughout most of 2007 and 2008, to post a slight positive performance. The highest weighting in the profile is the U.S. equity fund which produced a positive return of 7.2% in the period. This is a very good return given its benchmark index only rose 3.2% which means the fund provided 4% in excess return.

The international equity fund also posted strong returns of 8.8% for the period. The fund has been a laggard in the past so it was good to see it rebound in the period.



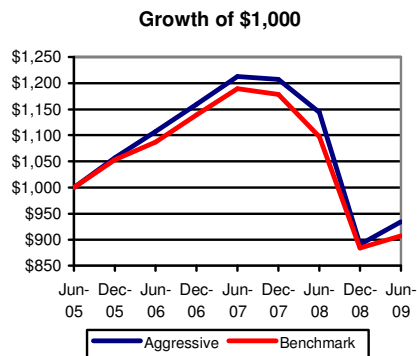
### AGGRESSIVE

For the six month period ending June 30<sup>th</sup>, 2009 the Aggressive risk profile rose 4.8%, while its benchmark index rose 2.66%.

Equity funds make up most of this profile which represents the most risky and aggressive of all the profile options. It has experienced huge swings since its inception and this quarter managed to post a strong positive return.

Equity investments reversed course from last period and throughout most of 2007 and 2008 to post a positive performance this 6 months. In a period which saw major global equity markets basically flat, the U.S. equity and the international equity fund posted returns of 7.2% and 8.8% respectively. Both funds outperformed their benchmarks by a respectable margin.

The global bond fund proved a small drag on the performance of the profile, as U.S. government bonds had their worst six month decline on record.



# Golden Accumulator Retirement Plan

Summary Performance - as of June 30th, 2009



## 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>	<b>Profile Returns</b>	<b>3.21%</b>	<b>3.78%</b>	<b>3.19%</b>	<b>1.37%</b>
	<i>NTB GIA</i>	3.21%	3.78%	3.19%	1.37%
<u>Fixed Income</u>	<b>Profile Returns</b>	<b>3.80%</b>	<b>4.56%</b>	<b>3.34%</b>	<b>-0.20%</b>
	<i>Weighted Index</i>	3.77%	4.55%	3.52%	-0.16%
<u>Conservative</u>	<b>Profile Returns</b>	<b>2.14%</b>	<b>0.56%</b>	<b>-7.09%</b>	<b>2.22%</b>
	<i>Weighted Index</i>	2.91%	1.67%	-4.09%	0.94%
<u>Moderate</u>	<b>Profile Returns</b>	<b>1.21%</b>	<b>-1.45%</b>	<b>-12.50%</b>	<b>3.49%</b>
	<i>Weighted Index</i>	2.09%	-0.11%	-8.39%	1.27%
<u>Aggressive</u>	<b>Profile Returns</b>	<b>0.46%</b>	<b>-3.97%</b>	<b>-19.10%</b>	<b>4.80%</b>
	<i>Weighted Index</i>	1.64%	-2.58%	-15.16%	2.66%

PERFORMANCE BY FUND		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 6 Mos
<b>Money Market</b>	<b>Fund</b>	<b>3.34%</b>	<b>3.55%</b>	<b>1.38%</b>	<b>0.27%</b>
	<i>ML 91 Day T-Bill Index</i>	3.17%	3.25%	0.95%	0.10%
<b>Global Bonds</b>	<b>Fund</b>	<b>5.46%</b>	<b>7.14%</b>	<b>5.62%</b>	<b>-3.82%</b>
	<i>Citigroup Treasury/Gov Bond Index</i>	5.47%	7.38%	6.74%	-3.46%
<b>Diversified</b>	<b>Fund</b>	<b>1.96%</b>	<b>-2.18%</b>	<b>-15.73%</b>	<b>3.17%</b>
	<i>Weighted Index</i>	5.46%	7.36%	6.69%	-3.51%
<b>American Equity</b>	<b>Fund</b>	<b>-1.14%</b>	<b>-6.61%</b>	<b>-26.35%</b>	<b>7.15%</b>
	<i>S&amp;P 500 Ttl Rtrn Index</i>	-2.24%	-8.22%	-26.21%	3.16%
<b>International Equity</b>	<b>Fund</b>	<b>-1.35%</b>	<b>-11.56%</b>	<b>-37.28%</b>	<b>8.80%</b>
	<i>EAFE Ttl Ret Lrg Cap Index</i>	2.79%	-7.51%	-30.96%	8.42%

**GIA Current Crediting Rate is 2.50%**

*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 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.*

### INVESTMENT CHANGES WITHIN THE GLOBAL BOND AND INTERNATIONAL EQUITY ACCOUNTS

In July, we will be adding global government and corporate bonds, which are of high-quality investment-grade, to the Global Bond account. Despite its Global name, it had previously been invested only in US/Canadian government or agency bonds. The change will capture the recent run-up in the US government bonds and add bonds offering attractive yields. It continues to be managed by McLean Budden in Canada. The International Equity account will allocate 15% of its balance to a few Fortis Funds that focus on generating income. The aim is to maintain or to boost the potential level of returns while dampening the volatility typical of international equity investments. These changes will occur gradually over the next month and there will be no switches or changes required on your part.

### 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](http://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.**