

Market volatility returns as global political issues frighten stock investors and send government bonds higher.



Market Review

The strong rally from March 2009 lows finally took a breather in the first half of 2010. Despite signs global markets were on track for an economic recovery, concerns about everything from valuation levels to unemployment to government debt burden kept stock prices in check.

While the market showed resilience in the first quarter, with global stocks tacking on about 3%, it hit a rough patch in spring, shedding over 12% from March to June. Sovereign debt concerns continued as Europe and Greece in particular came under scrutiny. The now infamous Flash Crash on May 9th further spooked already nervous investors.

The combination of European debt troubles and a possible slow down in China led to poor performance in international stock markets during the first part of the second quarter. The Shanghai Composite lost 22% during the period, leaving it in bear market territory. Major European markets in France and Germany were down 13% and 3% respectively.

These international woes were a precursor for what was to follow in the U.S.. The Dow Jones Industrial Average closed at a new low for the year, finishing 10% lower in the quarter. The S&P 500 posted its worst quarterly performance since the final three months of 2008, falling 12%. Investors began to focus on “macro” issues of fiscal and regulatory oversight and lost faith in positive “micro” issues, such as corporate earnings and an improving job market.

In contrast, emerging markets, as we predicted, were the best performing markets only losing 0.2% in the quarter.

During the first half of the year, major government bond markets rose as investors increased their demand for liquid and relatively safe investments. This was driven by concerns in Europe and concerns that the pace of economic growth could slow. Government bonds gained 4.7% in the quarter while corporate bonds gained 3.3%.

Investment Implications

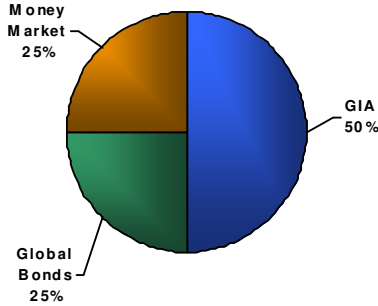
After the sharp decline over the past six months, many analysts suggest the market may be fairly valued and investors looking for long term value can still find pockets of opportunities in stocks.

While we believe this to be true we still adhere to a diversified approach to investing your pension monies. Thus, while stocks appear undervalued along with bonds, you still need a mix of both to cushion the downturns, such as this quarter.

Given the large movements in the prices of financial assets, we encourage investors to reassess their current risk profile with us. Depending on their current strategy, investors could find themselves far below or above the risk return targets for their pension.

For help in understanding your risk profile, call BF&M Investment Services at 296-8288 for assistance. Or try our online quiz and calculators at www.bfm.bm.

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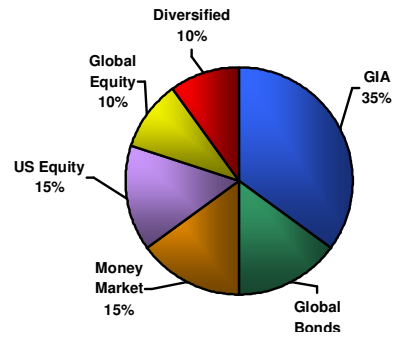
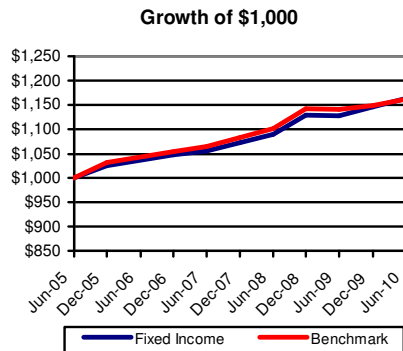
FIXED INCOME

For the six month period ending June 30th, 2010 the Fixed Income risk profile rose 1.46%, while its benchmark index rose 1.10%.

The Global Bond mandate makes up 25% of this risk profile and the fund continues to deliver strong performance outperforming its benchmark. While we have increased the amount of corporate bonds in the mandate, this quarter the rise in government bonds delivered the outperformance.

The Money Market account delivers returns above a normal deposit account at a banking institution. Although the return was minimal it is far better than the zero percent return achieved in a deposit account.

Finally the GIA provided a return of 1.18% for the period.

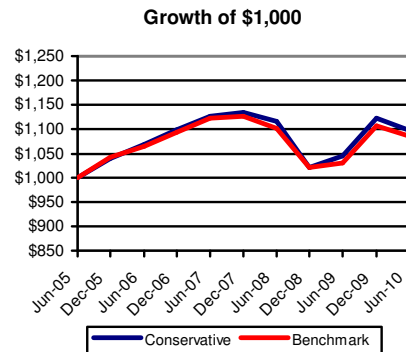


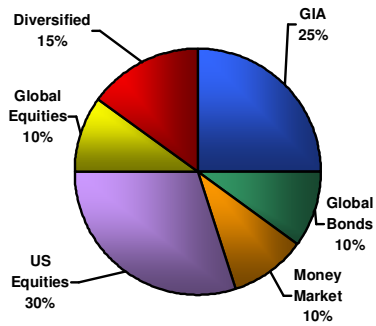
CONSERVATIVE

For the six month period ending June 30th, 2010 the Conservative risk profile declined 2.15%, while its benchmark index declined 2.04%.

This profile adds a small amount of equity exposure to help protect against inflation. The 30% allocation to equities proved to be the major detractor of performance this period with global equity markets down on average approximately 9%.

The remaining 70% of the allocation in this profile is in the Money Market, Global Bond and the GIA accounts. The GIA provided a return of 1.18% for the period. The Money Market mandate returned 0.17% which is higher than the zero return offered on most deposits. Finally, the Global Bond mandate posted solid returns of 3.29%.





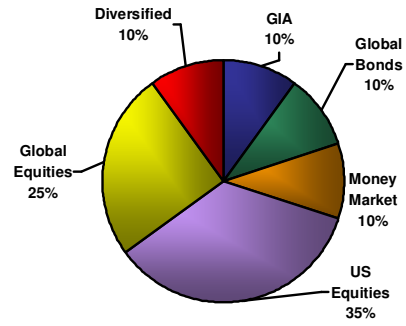
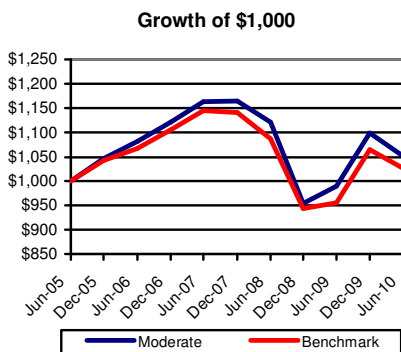
MODERATE

For the six month period ending June 30th, 2010 the Moderate risk profile declined 4.24%, while its benchmark index declined 3.51%.

This risk profile represents a balance between equities and fixed income securities. The GIA and the Money Market account provide the stability for the profile and performed reasonably well for the period given the low interest environment.

The equity investments proved to be the main detractor of performance as global equity markets declined following a stellar end to 2009.

Both the U.S. equity and International equity mandates posted disappointing results, both underperforming their respective indices.



AGGRESSIVE

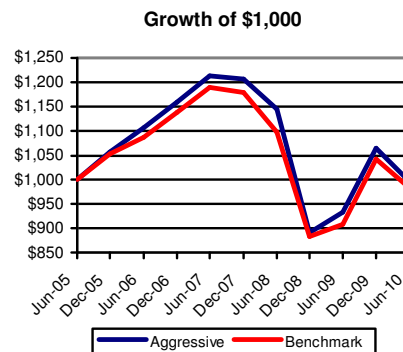
For the six month period ending June 30th, 2010 the Aggressive risk profile declined 6.34%, while its benchmark index declined 5.71%.

This profile is almost 70% in stocks with the remainder in bonds and money market to provide stability over the long term.

The profile performed reasonably well when compared to global equity markets which we down on average 9% over the six month time period.

With such a large allocation to equities, the profile benefited from the small allocation to fixed income and money market mandates.

The Global Bond mandate provided some stability in the period as it rose 3.29%.



Golden Accumulator Retirement Plan

Summary Performance - as of June 30th, 2010

Separately Managed Accounts (SMA)



Investment Services

<u>PERFORMANCE BY PROFILE</u>		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 6 Mos
<u>Guaranteed</u>	Profile Returns	3.35%	3.14%	2.44%	1.18%
	GIA	3.35%	3.14%	2.44%	1.18%
<u>Fixed Income</u>	Profile Returns	3.76%	3.89%	3.12%	1.46%
	Weighted Index	3.51%	3.53%	1.90%	1.10%
<u>Conservative</u>	Profile Returns	2.77%	-0.57%	5.06%	-2.15%
	Weighted Index	2.96%	-0.42%	5.13%	-2.04%
<u>Moderate</u>	Profile Returns	2.08%	-2.99%	6.30%	-4.24%
	Weighted Index	2.30%	-2.75%	7.27%	-3.51%
<u>Aggressive</u>	Profile Returns	1.17%	-6.14%	6.65%	-6.34%
	Weighted Index	1.88%	-5.44%	8.26%	-5.71%

<u>PERFORMANCE BY FUND</u>		Annualized returns for			For the
		5 YEARS	3 YEARS	1 YEAR	Period of 6 Mos
<u>Money Market</u> <i>ML 91 Day T-Bill</i>	Fund	2.98%	1.83%	0.31%	0.17%
	Index	2.77%	1.57%	0.16%	0.05%
<u>Global Bonds</u> <i>85% Citi. G7 Govt, 15% ML Corp.</i>	Fund	5.23%	7.37%	7.28%	3.29%
	Index	4.61%	6.35%	2.57%	1.97%
<u>Diversified</u> <i>Weighted Index</i>	Fund	1.97%	-4.30%	8.03%	-4.92%
	Index	2.41%	-3.74%	6.89%	-5.44%
<u>American Equity</u> <i>S&P 500 Ttl Rtrn Index</i>	Fund	-0.49%	-9.81%	9.30%	-10.54%
	Index	-0.79%	-9.81%	14.43%	-6.65%
<u>International Equity</u> <i>EAFE Ttl Ret Lrg Cap Index</i>	Fund	-2.23%	-15.98%	4.51%	-10.86%
	Index	1.35%	-12.94%	6.38%	-12.93%

GIA Current Crediting Rate is 2.25%

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