

BF&M pension matters

Why should I use a financial advisor rather than running my own portfolio....



After a positive start to the second quarter, markets went on a six week slide from the beginning of May until mid-June. This marked the longest sell off in stocks since October 2002 and had many investors concerned about a major market correction. The sell off was sparked by the reemergence of the European debt problems and in particular Greece.

Stock and bond markets have been volatile for quite some time now and I would like to take the opportunity to reiterate our recommendation of a diversified portfolio. Dr. Marc Faber in his "Gloom, Doom and Boom" newsletter has stressed this fact over the past two months. Below is a summary of his thoughts.

Dr. Faber notes that the prospect of holding a diversified portfolio for the appropriate risk level may seem boring. Most investors feel that it is unnecessary to have a diversified portfolio if you can predict how events will unfold.

However, if your investment approach is based entirely on

making those predictions and betting on those outcomes, your returns will only be as good as your forecasts. History suggests that most people's predictive powers are poor, which sets you up for failure.

Another thing to consider is that we all underestimate the impact of outlier events; lately they have been called black swan events. You can never predict a Japanese earthquake, the fall of communism and breakup of the Soviet Union or the September 11th terror attacks.

All of this means that what probably drives your portfolio returns is not how often you are right but how large your cumulative errors are. As Dr. Faber points out even if you predicted the market flawlessly from 2003 to 2008 all of it would be zero if you failed to predict the failure of Lehman Brothers.

This begs the question: Should I listen to the experts who make predictions? Yes, you should but do it through a trusted financial advisor. People's investment

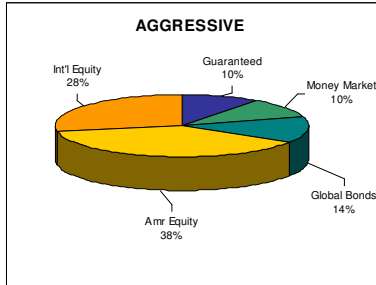
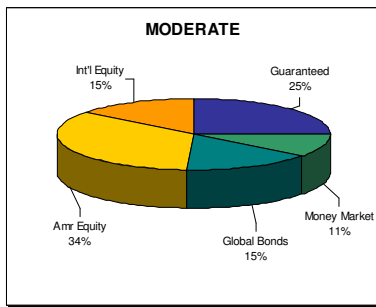
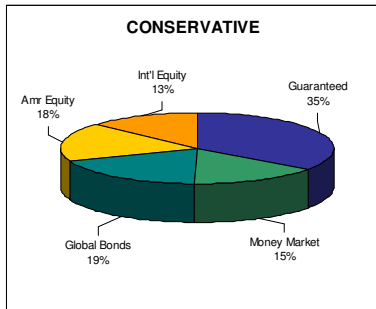
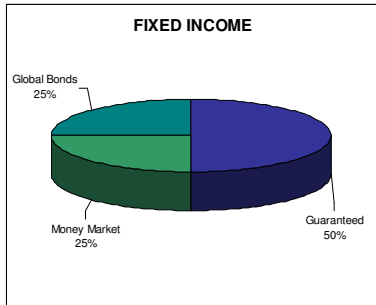
results would be better if they used a trusted financial advisor to sort through the experts' predictions and advise you to do what is right for you. A good analogy is a doctor and WebMd.com. You can find a multitude of expert opinions on WebMd.com but when you want a real diagnosis you always go to see a doctor you trust.

People go to great lengths to get the best care for themselves and spare no expense to get the best treatments or drugs etc. Yet when it comes to their financial management they use the financial market's version of WebMd.com for their investment strategy...CNBC!

In the long run a disciplined, diversified financial strategy executed with the help of a financial advisor you trust and are willing to be open with will provide the best investment results over time.

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.

CURRENT GIA CREDITING RATE 1.10%



Golden Accumulator Retirement Plan Summary Performance - as of June 30th, 2011 Separately Managed Accounts (SMA)



PERFORMANCE BY PROFILE

		Annualized returns for				For the
		10 Yrs	5 Yrs	3 Yrs	1 Yr	Period of 6 Mos
<u>Guaranteed</u>	Profile Returns	2.93%	3.06%	2.36%	1.37%	0.55%
	GIA	2.93%	3.06%	2.36%	1.37%	0.55%
<u>Fixed Income</u>	Profile Returns	3.57%	3.89%	3.02%	2.50%	0.91%
	Weighted Index	3.45%	3.73%	2.83%	2.99%	1.15%
<u>Conservative</u>	Profile Returns	3.98%	3.56%	2.40%	9.94%	2.27%
	Weighted Index	4.15%	3.93%	3.24%	11.29%	2.59%
<u>Moderate</u>	Profile Returns	4.01%	3.33%	1.99%	14.32%	2.80%
	Weighted Index	4.16%	3.86%	3.36%	16.24%	3.46%
<u>Aggressive</u>	Profile Returns	3.97%	2.66%	0.82%	18.76%	3.83%
	Weighted Index	4.49%	3.62%	2.83%	21.22%	4.24%

PERFORMANCE BY FUND

		Annualized returns for				For the
		10 Yrs	5 Yrs	3 Yrs	1 Yr	Period of 6 Mos
<u>Money Market</u>	Fund	2.19%	2.23%	1.93%	0.24%	0.10%
	ML 91 Day T-Bill Index	2.13%	2.00%	0.42%	0.16%	0.09%
<u>Global Bonds</u>	Fund	6.14%	7.13%	6.61%	6.95%	2.45%
	85% Citi. G7 Govt, 15% ML Corp. Index	5.74%	6.73%	6.08%	9.08%	3.41%
<u>Diversified</u>	Fund	4.91%	3.71%	1.88%	18.65%	4.00%
	Weighted Index	5.47%	4.57%	3.15%	21.03%	4.51%
<u>American Equity</u>	Fund	3.29%	2.47%	0.69%	26.84%	3.25%
	S&P 500 Ttl Rtrn Index	2.72%	2.94%	3.34%	30.69%	6.02%
<u>International Equity</u>	Fund	2.73%	-1.60%	-5.80%	27.53%	7.80%
	MSCI EAFE Net Index	5.66%	1.48%	-1.77%	30.36%	4.98%

GIA Current Crediting Rate is 1.10%

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. BF&M Investment Services is licensed to conduct investment business by the BMA under the Investment Business Act of 2003.

Want to Know More About Your Investments?

Fact Sheets for these investments have been posted at www.bfm.bm. Here are a few definitions of some of the terms used on our fund fact sheets. They are statistics used to measure the risk and reward profile of the funds.

Alpha – The value that a portfolio manager adds to or subtracts from a fund's return over its benchmark. A positive alpha means the fund has out performed its benchmark while a negative alpha means it has underperformed.

Sharpe – This ratio tells us whether a portfolio's returns are due to smart investment decisions or a result of excess risk. It can be used to compare funds with different investment strategies. The greater the Sharpe ratio the better the fund's risk adjusted performance.

Standard Deviation – This measures a fund's volatility or the risk about the size of changes in a fund's value. A higher standard deviation means a fund's price can fluctuate over a larger range of values.

For assistance on your pension plan contact BF&M Investment Services at 296-8288. Data for this report supplied by Wall Street Journal, Bloomberg Professional, and the New York Times