

Investment Policy Committee November 26th, 2008

For Immediate Release

Economic Forecast: Long Equities, Decrease Yen Position, and Remain Vigilant on U.S. Dollar

Equity Markets

Equity markets worldwide have seen huge declines in excess of 30% over the last year. We think a short-term rally may be in order and are therefore increasing our stock exposure by 3.0%. We are proceeding cautiously though and remaining nimble due to the extreme volatility seen in markets currently. We are also adding 2.0% allocation to commodities on account of their bargain prices. These trades are being offset by lower allocations to hedge funds and cash.

Currencies

The U.S. dollar remains strong and has moved from \$1.49/euro to \$1.29/euro over the last year. We believe that the dollar's strength is short-term and plan on holding our position until the next rally, at which point we will reduce our dollar exposure. Although we are currently seeing deflationary pressures due to falling commodity prices, we expect that current government actions will lead to inflation and cause a devaluation in the dollar in the long run. In the meantime, we see some risk in Yen and are reducing its target allocation by 2.0% and moving the funds into Euro and Sterling.

Performance Review

In our last Investment Policy Committee (IPC) meeting on October 20th, we decided to allocate an additional 1% to equities and 2% to cash by reducing bonds by 3%. Between then and our most recent meeting on November 26th, the Dow dropped around 300 points (3.4%) and the Lehman U.S. Aggregate Bond Index was up 1.5%. We also decided to reduce Euro and Dollar bloc currency exposures by 3.0% and 1.0%, respectively, and increase our USD exposure by 4.0%. During that time the USD gained 1.4% on the Euro. Therefore, we made the right call on currencies but missed on securities.

Recommended Global Allocations

	Asset Class			Currencies	
Equities	56.0%	+3.0%	US Dollar	61.0%	—
Bonds	25.0%	—	Euro	18.0%	+1.0%
Hedge Fund	10.0%	-4.5%	JPN Yen	8.0%	-2.0%
Commodities	4.0%	+2.0%	Swiss Francs	4.0%	—
Cash	5.0%	-0.5%	UK Sterling	4.0%	+1.0%
			Dollar Bloc	5.0%	—

These recommendations are targets and do not represent specific trade ideas. Not suitable for all investors. For further information call LOM Asset Management Limited or your local Investment Advisor. LOM is licensed to conduct investment business by the Bermuda Monetary Authority