LOM Equity Growth Fund Manager's Report Q3 2021

October 1, 2021

Fund Information

Fund Manager

LOM Asset Management Ltd.

Portfolio Managers

Bryan Dooley, CFA

Domiciled

Bermuda

Exchange

Bermuda Stock Exchange

Inception Date

03/13/2000

Dealing Terms

Friday (5:30 AST)

Settlement Terms

Trade +3

ID ISIN

BMG556251186

Bloomberg Ticker

LOMEQGA BH

Fund Size

$55,452,821.46

Management Fee

2.00%

Administration Costs

0.17%

Sales Fee

May be applicable

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Equity market gains were muted over the third quarter of 2021 as investors weighed the competing forces of an improving economy against the prospects of tighter U.S. monetary policy, rising producer prices and troubles in China. During Q3, the LOM Equity Growth Fund fell -2.41%, underperforming its stated benchmark, the MSCI World Stock index by 1.65%. Over the past year, the Fund provided a return of +30.93%, outperforming the benchmark by 2.89%.

The global economic recovery from the COVID-19 pandemic remained relatively robust in Q3, but progress was uneven as policymakers struggled with the highly contagious delta variant, elevated unemployment and higher consumer and producer product prices. Rising commodity prices in addition to stretched supply chains challenged the corporate sector as economies reopened across the globe. Reopening progress varied considerably by region and sector.

In the U.S., Washington moved to the forefront for investors. During the final days of the quarter, the U.S. Congress passed a stopgap spending bill permitting the government to stay open until Dec. 3. The extension allowed politicians to focus on raising the debt ceiling and passing President Biden's stimulus initiatives – a $1.2 trillion infrastructure (PAVE) plan and a $3.5 trillion "soft" infrastructure plan. The $1.2 trillion infrastructure bill had bipartisan support and has already passed the Senate; however, full passage has been delayed as moderate and progressive Democrats negotiate over terms of the "soft" bill.

Third quarter equity markets were close to flat as an early rally was given up in the September correction. Global equity benchmarks were down across the board in September in what is seasonally the worst- performing month for equities. The S&P finished the quarter up 0.58% while the MSCI World Index rose 0.10%. Financials (+2.72%), Utilities (+1.78%), and Communication Services (+1.60%) saw the strongest gains in the quarter. Industrials (-4.22%), Materials (-3.51%) and the Energy sectors (-1.72%) were the worst hit.

During the July and the September FOMC meetings, policymakers unanimously voted to maintain the Fed Funds Target Rate at the zero to 25 basis point range. According to the latest FOMC dot plot, officials are now evenly split on whether the central bank should raise rate next year. The median projection indicates that the first interest rate hike will be in 2023. Fed chairman Jerome Powell has changed his narrative on the quantitative easing program this summer, opening doors to start tapering as soon as the end of this year, subject to economic conditions.

Equity Growth Fund Performance through 10/01/21

	Annualized Returns			
	Q3 2021	1 Year	3 Year	5 Year
LOM Equity Growth Fund	-2.41%	30.93%	11.20%	12.67%
MSCI World Stock Index	-0.76%	28.04%	11.40%	11.85%