LOM Equity Growth Fund Manager's Report Q4 2021

January 6 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
$61,612,450

Management Fee
2.00%

Administration Costs
0.24%

Sales Fee
May be applicable

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Global equity markets caught a bid over the fourth quarter of 2021 as corporate earnings came in better than expected and the delta variant of the coronavirus began to subside. During Q4, the LOM Equity Growth Fund gained +5.30%. Over the past year, the Fund provided a return of +24.05%, outperforming its benchmark by 3.72%.

Most advanced economies continued their mid-cycle expansion during Q4, with a broad reopening supporting activity. However, supply constraints and disruptions detracted from overall growth momentum, and many developing countries were restrained by more limited vaccination progress. China slipped into a growth recession amid significantly decelerating activity.

US consumers are in solid shape, having experienced the highest net worth and lowest debt-service obligation on record. Historic monetary and fiscal stimulus boosted housing and financial asset prices, drove interest rates downward, and delivered direct fiscal transfers which helped generate record savings gains. Higher inflation remains a challenge, but pent-up demand appears to be offering steadying mid-cycle influence.

Corporate earnings surprised to the upside for the fourth quarter in a row. Sales growth accelerated amid faster nominal growth and greater corporate pricing power. Market expectations for 2021 earnings were revised upward to a robust 45% year-over-year growth rate, but expectations for 2022 ticked down. The ability to maintain high margins amid rising wage and input costs remains key to the corporate earnings outlook.

Following a lackluster Q3, the fourth quarter brought strong stock market returns. The S&P 500 gained 11.02% while the MSCI World Index rose 7.86%. Real Estate (+17.50%), Information Technology (+16.69%) and Materials (+15.20%) posted the largest gains while Communications (-0.01%), Financial Services (+4.52%), and Energy (+7.89%) were the weakest sectors. Overall, market gains came on the back of strong corporate earnings which allayed fears of a profit slowdown.

Equity Growth Fund Performance through 12/31/21

		Annualized Returns		
	Q4 2021	1 Year	3 Year	5 Year
LOM Equity Growth Fund	5.30%	24.05%	20.50%	13.76%
MSCI World Stock Index	4.99%	20.33%	19.77%	13.07%