LOM Balanced Fund Manager's Report Q3 2022

October 11, 2022

Fund Information

Fund Manager

LOM Asset Management Ltd.

Portfolio Manager

Bryan Dooley, CFA

Domiciled

Bermuda

Exchange

Bermuda Stock Exchange

Inception Date

03/13/2000

Dealing Terms

Friday (5:00 AST)

Settlement Terms

Trade +5

ID ISIN

BMG556251004

Bloomberg Ticker

LOMBALF BH

Fund Size

$3,269,126

Management Fee

0.65%

Administration Costs

0.26%

Sales Fee

May be applicable

LOM Asset Management
The LOM Building
27 Reid Street
Hamilton, HM11
Bermuda
(441)295-6999
www.lom.com
asset@lom.com
(441)295-6999

The Balanced Fund dropped 7.06% in the third quarter. The benchmark fell 4.53%. Inflation is the core issue facing the post-pandemic economy. We saw year-over-year US inflation fall from its June peak of 9.1% to 8.3%. The fall was attributable to a collapse in oil and gas prices over the same period. Shipping prices continued to fall from their pandemic highs, falling another 43.19% in the third quarter. Gains in the services sector have been worrying central bank officials as those costs are slow to come down.

Central banks have been raising rates aggressively to combat inflation. The Federal Reserve performed two 0.75% interest rate hikes in the quarter, rattling markets that had expected smaller rate hikes. Fed Chair Jerome Powell reiterated that markets will need to brace for "pain" as central banks are trying to get inflation to the 2% target and confirm that it is under control. There were lessons from the 1970s when the Federal Reserve became dovish too quickly and had to increase rates more to finally get inflation at its target level.

The MSCI World Index fell 6.07% in the quarter. The 1-5 Year US Government/ Corporate Bond index fell 2.21%. Communication Services (-12.71%), Real Estate (-11.03%), and Materials (-7.13%) were the worst performing sectors. Consumer Discretionary (4.36%), Energy (2.16%) and Financials (-3.10%) were the strongest.

Balanced Fund Performance through 09/30/22

		Annualized Return		
Fund	YTD	1 Year	3 Year	5 Year
LOM Balanced Growth Fund USD	-23.60%	-19.82%	2.57%	2.34%
Custom Benchmark	-17.74%	-14.86%	1.99%	2.58%