LOM Equity Growth Fund Manager's Report | Q2 2024

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
Daily (5:00 AST)

Settlement Terms
Trade +1

ID ISIN
BMG556251186

Bloomberg Ticker
LOMEQGA BH

Fund Size
$84,329,000

Management Fee
1.75%

Administration Costs
0.32%

Sales Fee
May be applicable

During the second quarter of 2024, the LOM Equity Growth Fund rose 3.41% as markets sustained this year's momentum on optimism over America's economic resilience and the potential for more accommodative monetary policies from the world's central banks.

The global economy continued its surprising resilience during Q2, despite the impact of significant central bank monetary tightening policies implemented over the past two years. In the US, real gross domestic product (GDP) increased at an annual rate of 1.3 percent in the first quarter of 2024, according to the second estimate released by the Bureau of Economic Analysis reported at the end of May. While still positive, this rate marks a deceleration from the fourth quarter of 2023 when real GDP increased by 3.4 percent.

The increase in real GDP primarily reflected higher, but decelerating consumer spending, along with increased residential fixed investment, nonresidential fixed investment, and state and local government spending. However, this was offset by a decrease in private inventory investment. Imports, which are subtracted in the GDP calculation, increased.

Signs that higher interest rates are weighing on the consumer could be seen in the housing and building permit report for the month of May. May building permits were at a seasonally adjusted annual rate of 1,386,000 which is 3.8 percent below the revised April rate of 1,440,000 and 9.5 percent below the May 2023 rate of 1,532,000. Permits are a leading indicator of housing starts and therefore this data predicts less property development and associated jobs over the next few months.

In the equity markets, relatively strong Q1 corporate earnings reports combined with marginally less restrictive central bank policies pushed the major averages to new highs once again. The S&P 500 gained 3.92% in the first quarter while the MSCI World Stock index advanced by 2.18%. Performance by sector continued to show dispersion, with Information Technology (+11.47%), Communications (+8.17%) and Utilities (+3.52%) showing the best returns, while Real Estate (-3.12%) and Materials (-3.12%) lagged. Non-US markets underperformed America's benchmarks with the Eurostoxx 50 falling 3.73% and Japan gaining just 2.05%. Higher dividend-paying companies were also shunned during the quarter with the Dow Jones Dividend Select Index falling 1.01%.

The LOM Equity Growth Fund benefitted on a relative basis in Q2 from strong stock selection in the Information Technology, Communications and Consumer Disretionary sectors. Looking ahead, we will continue to focus on high quality, wide moat issues in our security selection process.

Equity Growth Fund Performance through 28 June 2024

		Annualized Returns		
	QTD	1 Year	3 Year	5 Year
LOM Equity Growth Fund	+3.41%	+23.18%	+5.45%	+10.45%
MSCI World Stock Index	+2.18%	+18.37%	+4.85%	+9.75%