

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 Discretionary 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%

Fund prospectuses are available on request. This report does not constitute investment advice or a recommendation or solicitation to buy or sell any security. Investments listed in this report may not be suitable for all investors. Past performance is not indicative of future performance, and as with any investment, prices will fluctuate, and may result in a loss of principal. It is recommended that advice is sought from a qualified investment professional prior to implementing any financial plan. LOM has made every effort to ensure that the contents herein have been compiled from sources believed reliable, however LOM does not warrant the accuracy, adequacy, timeliness, or completeness of this information, and expressly disclaims liability for errors or omissions in this information.