LOM Balanced Fund Manager's Report | Q2 2024

Fund Information

Fund Manager
LOM Asset Management Ltd.

Portfolio Managers
Team Managed

Domiciled
Bermuda

Exchange
Bermuda Stock Exchange

Inception Date
3/13/2000

Dealing Terms
Friday (5:00 AST)

Settlement Terms
Trade +1

ID ISIN
BMG556251004

Bloomberg Ticker
LOMBALF BH

Fund Size
$4,747,000

Management Fee
0.50%

Administration Costs
0.31%

Sales Fee
May be applicable

Over the second quarter of 2024, the Balanced Fund provided a return of +5.96% as global equity markets responded positively to the potential end of tighter global monetary policies. Over the past one-year period, the Fund returned 16.92%.

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.

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 Federal Open Market Committee (FOMC) voted unanimously for no rate changes at both the May and June meetings, maintaining the Fed Fund target rate at a range of 5.25-5.5%.%. Despite softened inflation data over the past quarter, policymakers are not in a hurry to pivot due to strong macroeconomic indicators. According to the FOMC dot plot, a survey of policymakers' rate projections, most FOMC members expect the Fed Funds rate to end the year at 4.85%. On the other hand, the Fed funds future market predicts the rate will end the year at 5%.

At quarter end, the Fund was allocated approximately 66% to equities, 27% to fixed income securities and 7% cash and equivalents.

Balanced Fund Performance through 28 June 2024

		Annualized Returns		
	QTD	1 Year	3 Year	5 Year
LOM Balanced Fund	+7.33%	+14.20%	+1.74%	+7.43%
Balanced Fund Index*	+7.65%	+13.86%	+4.18%	+7.17%
(60% MSCI World Stock Index /				
40% BofA ICE 1-5 Year Govt/Corp)				

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