# LOM Stable Income Fund Manager's Report | Q4 2024

**Fund Information**

**Fund Manager**
LOM Asset Management Ltd.

**Portfolio Managers**
Bryan Dooley, CFA

**Domiciled**
Bermuda

**Exchange**
Bermuda Stock Exchange

**Inception Date**
7/27/2011

**Dealing Terms**
Daily (5:00 AST)

**Settlement Terms**
Trade +1

**ID ISIN**
BMG556251830

**Bloomberg Ticker**
LOMSTAB BH

**Fund Size**
$63,883,369

**Management Fee**
1.25%

**Administration Costs**
0.31%

**Sales Fee**
May be applicable

The Stable Income Fund provided a net total return of +7.22% for the 2024 year as global risk markets responded positively to economic resilience and relatively accommodative world monetary and fiscal policies. The total return is inclusive of a monthly $0.035 dividend payout per unit.

The US economy demonstrated continued resilience in the fourth quarter of 2024, reinforcing the narrative of a successfully engineered "soft landing" with no imminent signs of a recession. Gross Domestic Product (GDP) expanded at an annualized rate of 2.7% in Q3 and is projected to grow at a slightly moderated pace in Q4. The labor market continued to show strength, adding 227,000 jobs in November, with the unemployment rate steady at just above 4.0%.

US equity markets delivered mixed results in Q4. The quarter began on a strong note, buoyed by mega-cap stocks and optimism following the election of President-elect Donald Trump on November 6. However, sentiment shifted sharply on December 18 when the Federal Reserve's rate cut announcement signaled a "higher-for-longer" interest rate environment. The S&P 500 dropped 2.95% on the day, yet managed a quarterly gain of 2.07%. In contrast, the S&P 500 Equal Weighted Index fell 1.89%, highlighting significant performance dispersion.

Globally, the MSCI World Stock Index posted a marginal decline of 0.41% for the quarter. Within the broader markets, sector rotation was pronounced. Consumer Discretionary (+14.25%), Consumer Staples (+8.87%), and Financials (+7.06%) led gains, driven by expectations of tax cuts and deregulation under the incoming administration. However, rising longer-term interest rates hurt higher dividend-paying stocks in both the US and abroad. In Q4, the US Dow Jones Dividend Select Index fell by -1.85% and while the Global Dividend Select Fund fell by -7.91%.

In general, international markets faced a challenging quarter. US tariffs, slowing global economic growth, and a strengthening US dollar weighed heavily on performance. Hybrid securities were also negatively impacted by rising interest rates during the quarter. The S&P Preferred Stock index fell -4.30% and ICE Exchange-Listed Preferred and Hybrid Securities Index fell -2.97% over the period.

At quarter end, the Fund was allocated approximately 46% to hybrid securities (including preferred stock and baby bonds), 43% dividend-paying equities and 8% fixed income. The current dividend yield on the Fund was 3.71% at quarter-end based on the monthly unit payout of $0.035.

## Stable Income Fund Performance through 31 December 2024

| | Annualized Returns | | | |
|---|---|---|---|---|
| | 1 Year | 3 Year | 5 Year | 10 Year |
| LOM Stable Income Fund | +7.22% | +0.36% | +2.90% | +3.33% |
| Stable Fund Index (40% Dow Jones Global Dividend Select / 60% S&P Preferred Index) | +3.27% | -3.19% | -0.56% | +0.44% |



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