LOM Balanced Fund Manager's Report | Q2 2025

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
$5,742,000

Management Fee
0.50%

Administration Costs
0.31%

Sales Fee
May be applicable

During the second quarter of 2025, the LOM Balanced Fund rose 6.05% as market rebounded from a sharp tariff-related selloff in early April. Over the past five years, the fund has provided an average return of 9.60% annually.

Global macroeconomic activity in Q2 was shaped by a mix of resilient consumer spending, persistent inflation and escalating geopolitical tensions. In the United States, GDP growth remained positive but decelerated from the robust pace seen in late 2024. The Federal Reserve maintained its policy rate in the 4.25%–4.50% range, citing sticky core inflation, tariff uncertainty and a still-tight labor market. Meanwhile, consumer confidence wavered slightly in June amid concerns over rising energy prices due to the conflict in the Middle East, which also contributed to increased market volatility and a brief spike in crude oil prices.

Global equities rebounded sharply in Q2 2025, with the S&P 500 posting a 10.9% total return over the quarter, despite a swift -12.1% selloff from April 2 to April 8 following the "Liberation Day" tariff announcements. Markets quickly regained footing as resilient corporate earnings, rising expectations for Federal Reserve rate cuts and the postponement of tariff negotiation deadlines reignited investor optimism. The S&P 500 ended the quarter at a record high on June 30, completing one of the fastest market recoveries in history.

In fixed income markets, uncertainty on tariff positions generated significant volatility early in the quarter. In April, the 10-year US Treasury bond yield spiked to almost a 4.60% as the market became concerned about the longer-term economic impacts of tariff policies before drifting down later in the period. Corporate spreads initially widened on tariff announcements given the potential impact to their business models and the credit risk from importation duties. With the 90-day pause put into place there was some normalization, with the market settling around 1.10% above government debt, though this continued the move away from a 2024 market of spreads averaging closer to 0.80%.

In this environment we continue to favor an overweight position in equities but have also been staying with our strategy of opportunistically diversifying into attractive regions and sectors. At quarter end, the Fund was allocated approximately 66.5% to equities, 33.0% to fixed income securities and 0.5% in cash and equivalents.

Balanced Fund Performance through 30 June 2025

		Annualized Returns		
	Q2	1 Year	3 Year	5 Year
LOM Balanced Fund	+6.05%	+8.12%	+10.72%	+9.60%
Balanced Fund Index (60% MSCI World Stock Index / 40% BofA ICE 1-5 Year Govt/Corp)	+7.57%	+12.52%	+12.66%	+9.16%