LOM Stable Income Fund Manager's Report | Q3 2025

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
$68,191,000

Management Fee
1.25%

Administration Costs
0.30%

Sales Fee
May be applicable

The Stable Income Fund provided a net total return of +5.15% in Q3, a one-year return of 4.53% and an average annual return of 6.26% over the past five years. During the quarter, both high dividend-paying stocks and hybrid securities continued to rally despite ongoing U.S. tariff uncertainty and heightened geopolitical tensions. The total return on the fund is inclusive of a monthly $0.035 dividend payout.

Equities posted respectable gains in Q3. After a July setback amid renewed inflation concerns, softer economic data in August and September reinforced expectations for easier policy, helping the index reach a record high on September 22 before easing slightly into quarter-end. Earnings continued to exceed forecasts, supported by resilient consumer spending and AI-related investment. Market breadth improved modestly, though leadership remained concentrated in mega-cap technology. The equal-weighted S&P rose 4.35%, narrowing the performance gap. Ten of eleven GICS sectors gained, led by Technology (+13.0%), Communication Services (+11.8%), and Consumer Discretionary (+9.4%). Consumer Staples was the only decliner (-2.9%), pressured by weak pricing power and margin compression.

The U.S. dollar stabilized, gaining 0.9% for the quarter, a mild headwind for international returns. Europe's Euro Stoxx 50 rose 4.3% (4.2% in USD), Japan's Nikkei 225 surged 11.0% (8.3% in USD) on yen weakness and strong corporate results, while the UK's FTSE 100 climbed 6.7% (4.7% in USD).

Higher dividend paying stocks generally kept pace with the broader market in Q3 with the Dow Jones Global Dividend Select Index advancing by 6.22% compared to a 6.96% increase in the MSCI World Stock index.

In fixed income markets, the Fed's September cut and guidance for another 50 basis points of easing drove Treasury yields lower, with the 20 and 30-year maturities falling below 4.5%. Investment-grade spreads tightened to near 1% over the 10-year U.S. Treasury bond, sustaining record borrowing as firms, notably in AI, raised capital, highlighted by Oracle's $18 billion issuance.

At quarter end, the Fund was allocated approximately 47% to hybrid securities (including preferred stock and baby bonds), 44% in dividend-paying equities and 8% higher yielding fixed income. The current dividend yield on the Fund was 3.54% at quarter-end based on the monthly unit payout of $0.035.

Stable Income Fund Performance through 30 September 2025

		Annualized Returns		
	Q3	1 Year	3 Year	5 Year
LOM Stable Income Fund	+5.15%	+4.53%	+8.57%	+6.26%
Stable Fund Index (40% Dow Jones Global Dividend Select / 60% S&P Preferred Index)	+4.30%	+1.06%	+4.94%	+4.62%

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