LOM Innovation and Opportunity Fund Manager's Report | Q1 2026

Fund Information

Fund Manager
LOM Asset Management Ltd.

Portfolio Managers
Team Managed

Domiciled
Bermuda

Exchange
Bermuda Stock Exchange

Inception Date
3/19/2021

Dealing Terms
Friday (5:30 AST)

Settlement Terms
Trade +1

ID ISIN
BMG556252333

Bloomberg Ticker
LOMINOV BH

Fund Size
$5,906,440

Management Fee
1.50%

Administration Costs
0.30%

Sales Fee
May be applicable

Innovative technology and small cap opportunity equities delivered a challenging quarter in Q1 2026, due to shifting AI sentiment, renewed geopolitical risk and tightening financial conditions which weighed on the growth focused portion of the Fund. Over the first quarter of 2026, the LOM Innovation and Opportunity Fund declined -4.35%. Despite the modest Q1 equity market correction, the Innovation and Opportunity Fund has increased 29.61% over the past year and has delivered 16.04% over the past 3 years annualized.

The quarter was characterised by two disruptive themes. The first was a reassessment of AI investment landscape. A series of new and upgraded lower cost AI models led investors to question the durability of traditional software as a service (SaaS) business models, triggering a sharp de-rating across US software stocks which declined -24% over the quarter. The second more abrupt disruption came with the outbreak of the US-Iran conflict in late February, which sent energy prices sharply higher, reignited inflation concerns, and prompted a broad sell-off in March. The market rotated away from large cap growth and toward energy and value names.

Within the fund, the principal detractors were our semiconductors and hardware holdings including NVIDIA, Broadcom, Advanced Micro Devices and Applied Materials – which were impacted by sector wide de-rating as investors scrutinized AI capital expenditures. Partial offsets came from our small cap value and energy allocations. Small cap value stocks benefited from the quarter's broad rotation away from highly valued mega cap growth names, as investors sought cheaper domestically oriented businesses with less exposure to AI capex scrutiny and geopolitical supply chain risk. Rising energy prices provided additional tailwind to select value-oriented names in industrials and energy services, while the sector's lower duration characteristics offered some insulation against the rise in longer term interest rates.

Small value cap stocks, as measured by the Russell 2000 Value index rose 2.79% while the Innovation-centric NASDAQ 100 index fell -8.38% during the period. The widely followed ARKK Innovation Fund declined -15.98% during the period, reflecting increased volatility in high-beta growth names.

We continue to favor innovative companies offering attractive growth prospects, specifically within AI infrastructure buildout, cybersecurity, and cloud migration. Simultaneously, our small cap value selection process continues to find overlooked and underappreciated opportunities across several key market sectors. The valuation gap between small cap value and large cap growth remains historically wide and Q1's market rotation may mark the early stages of a sustained rebalancing. We believe our dual approach combining high conviction innovation exposure with a disciplined small cap value process positions the fund well for the quarters ahead.

Innovation and Opportunity Fund Performance through 27 March 2026

	Annualized Returns			
	Q1	1 Year	3 Year*	3/19/21* (Since Inception)
LOM Innovative Fund	-4.35%	+29.61%	+16.04%	+2.44%
ARK Innovation Fund	-15.98%	+37.16%	+17.06%	-11.78%
Russell 2000 Value Index	+2.79%	+20.21%	+35.62%	+4.75%
Nasdaq 100 Index	-8.38%	+27.75%	+75.50%	+13.26%

*Annualized returns
**All performance to 27 March 2026

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