LOM Balanced Fund Manager's Report | Q2 2026

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
$7,521,455

Management Fee
0.50%

Administration Costs
0.31%

Sales Fee
May be applicable

Over the second quarter, the Fund appreciated 8.23% as the market recovered after the initial impact of the Iran war and the subsequent impact on global supply chains and energy prices. The fast pace of the market recovery from Q1 drawdown has resulted in the Balanced Fund increasing in value by 12.47% over the past year with annual average returns in excess of eleven percent over the past three years.

Oil prices fell back from highs of $120 to end the period at almost the same price as before the conflict in Iran began, this return to more normalized pricing did drag on the energy exposure with the Fund. Despite commitments to a peace deal the inflationary impact expected has pressured yield curves, the market is now pricing in at least one rate hike in H2. This market movement was reinforced by the more hawkish stance Kevin Warsh, new Fed Chair, took in his primary press conference, reiterating the need to control the inflationary pressure. A return to a normalized yield curve, with longer-date yields increasing resulted in the reduction in valuation on most fixed income products, but especially focused on preferred shares given their duration dynamics.

Equity markets were driven primarily by the continued AI investment and the diversification of this trade across more facets of the supply chain, rather than purely memory exposure. These dynamics were a continued positive across the Emerging Market Fund and Innovation Fund. Underlying investments in the wider AI supply chain and the general recovery from Q1 was a significant positive for the fund. Japan was also a strong contributor through the quarter, economic sentiment has been recovering which has driven foreign investors into the market as the Nikkei 225 hit record highs. Small-cap markets also benefited from the equity recovery, expectation of slowing economic growth prospects were moderated with the resolution in the Middle East. Europe returned to lagging US markets as their sensitivity to energy prices weighed on the economic outlook but also as there are less technology names to drive the AI story.

We continue to favor diversification across equity markets and regions, through this maintaining exposure to the fast-growing sectors but retaining some protection in case of market corrections. The Fund allocated ended the quarter with approximately 62.8% to equities, 32.0% to fixed income, 4.4% cash reserves and 0.7% to alternatives. The recovery in markets has taken us slightly overweight equities but given the outlook maintain this position while continuing to diversify the sectors within the holding.

Balanced Fund Performance through 30 June 2026

		Annualized Returns		
	Q2	1 Year	3 Year	5 Year
LOM Balanced Fund (through 6/26/26)	+8.23%	+12.47%	+11.57%	+5.08%
Balanced Fund Index*	+8.50%	+14.33%	+13.77%	+7.78%

*(60% MSCI World Stock Index /
40% BofA ICE 1-5 Year Govt/Corp)