LOM Innovation and Opportunity 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
3/19/2021

Dealing Terms
Friday (5:30 AST)

Settlement Terms
Trade +1

ID ISIN
BMG556252333

Bloomberg Ticker
LOMINOV BH

Fund Size
$8,628,200

Management Fee
1.50%

Administration Costs
0.30%

Sales Fee
May be applicable

Innovative technology and small cap opportunity staged a powerful recovery in Q2 2026, as easing geopolitical tensions, robust corporate earnings and an acceleration of the AI infrastructure buildout propelled US equity markets to one of their strongest quarters of this century. Over the second quarter of 2026, the LOM Innovation and Opportunity Fund gained +33.12%, lifting the year-to-date return to 27.33%. The Innovation and Opportunity Fund has increase 48.09% over the past year and has delivered 24.11% over the past 3 year annualised.

The quarter was characterised by a sharp reversal of the disruptive themes that weighed on markets in Q1. The de-escalation of the US-Iran conflict saw oil prices retreat to pre-crisis levels, easing inflation concerns and interest rate pressures. At the same time, investor conviction in the AI investment cycle was decisively reaffirmed. Robust capital expenditure commitments from the hyperscalers and surging demand for memory chips drove semiconductors sharply higher, with the Philadelphia Semiconductor Index (SOX) gaining 87.75% and recording its best quarterly performance since its inception in 1994. While the initial rally off the March lows was led by large cap growth, the advance broadened considerably by quarter end, with small cap also reaching new record highs. June brought a modest rotation toward cyclical and defensive sectors as investors took profits in extended technology names, while software stocks continued to lag the broader AI trade.

Within the fund, the principal contributors were our semiconductor and hardware holdings including Advanced Micro Devices, NVIDIA, Broadcom, Micron Technology, Applied Materials, Marvell Technology and Lam Research, several of which had detracted in Q1, which rebounded powerfully amid record memory chip demand and renewed confidence in AI capital spending. Our small cap value allocation added further support as the rotation into smaller, domestically oriented businesses that began in Q1 gathered momentum through the quarter, with the small cap Russell 2000 value index rebounding more than 19% from its early April lows. Energy was the principal laggard, giving back a portion of its Q1 gains as oil prices normalized following the resolution of the conflict, though the allocation remains a useful diversifier and hedge against renewed geopolitical risk.

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. Q2's broad-based advance validated our view that the rotation which began earlier in the year marked the early stages of a sustained rebalancing, with small cap benchmarks reaching new record highs. While valuations in parts of the technology sector have become more extended following the rally, the earnings backdrop remains firmly supportive. 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 30 June 2026

		Annualized Returns		
	Q2	1 Year	3 Year*	3/19/21* (Since Inception)
LOM Innovative Fund	+33.12%	+48.09%	+24.11%	+8.02%
ARK Innovation Fund	+20.89%	+11.87%	+5.07%	-8.01%
Russell 2000 Value Index	+19.05%	+40.58%	+18.96%	+8.14%
Nasdaq 100 Index	+25.87%	+29.22%	+25.27%	+17.66%

*Annualized returns
**All performance to 26 June 2026

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