LOM Stable Income Fund Manager's Report | Q2 2026

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
$75,601,899

Management Fee
1.25%

Administration Costs
0.30%

Sales Fee
May be applicable

Over the past one-year period, the LOM Stable Income Fund achieved a net total return of +9.87%, inclusive of a +2.90% gain in Q2. During the latest quarter, dividend-paying stocks outpaced the performance of our hybrid securities, although both asset classes posted positive returns.

The second quarter was defined by the ongoing conflict in the Middle East and intermittent negotiations between the United States and Iran. The conflict brought a near-shutdown of the Strait of Hormuz, a vital shipping corridor that carries roughly one-fifth of the world's oil and gas trade. West Texas Intermediate crude oil prices surged above $110 per barrel during the first week of April before retreating below $70 by quarter-end, near pre-conflict levels. Nevertheless, the temporary spike in energy prices contributed to higher inflation expectations which are now projected to rise from 2.6% in 2025 to 2.9% in 2026 across developed economies.

Despite these geopolitical headwinds, global equity markets posted strong gains during the quarter. Equities staged an impressive reversal in Q2, but leadership was narrow, with mega-cap technology and semiconductor names driving the bulk of index gains on conviction in the AI infrastructure buildout. Notably, however, breadth improved markedly by quarter-end, with small-cap, equal-weight, and value benchmarks all reaching new record highs. Eight out of 11 large cap GICS sectors ended Q2 positively, led by Information Technology and Industrials.

In fixed income markets, inflation concerns remained the primary driver of bond yields. Market expectations shifted from anticipating potential interest rate cuts to pricing in at least one 25-basis-point rate increase before year-end. New Federal Reserve Chair Kevin Warsh reinforced this shift by emphasizing the central bank's commitment to returning inflation to target. As a result, five-year Treasury yields rose above 4.20%, while 30-year Treasury yields approached 5%.

Dividend-paying stocks posted positive returns in Q2 but underperformed higher growth sectors of the market. The Dow Jones Global Dividend Select Index advanced by +3.23% compared to a +13.32% gain in MSCI World Stock index.

At quarter end, the Fund was allocated approximately 43% to hybrid securities (including preferred stock and baby bonds), 46% in dividend-paying equities and 10% higher yielding fixed income. The current dividend yield on the Fund was 3.49% at quarter-end based on the monthly unit payout of $0.035.

Stable Income Fund Performance through 30 June 2026

	Annualized Returns			
	Q2	1 Year	3 Year	5 Year
LOM Stable Income Fund	+2.90%	+9.87%	+7.34%	+3.82%
Stable Fund Index*	+1.37%	+3.42%	+4.17%	+1.99%
*(40% Dow Jones Global Dividend Select / 60% S&P Preferred Index)				