

LOM Balanced Fund Manager's Report Q4 2019

December 31, 2019

Fund Information

Fund Manager

LOM Asset Management Ltd.

Portfolio Manager

Bryan Dooley, CFA

Domiciled

Bermuda

Exchange

Bermuda Stock Exchange

Inception Date

03/13/00

Dealing Terms

Friday (5:00 AST)

Settlement Terms

Trade +5

ID ISIN

BMG556251004

Bloomberg Ticker

LOMSTAB BH

Fund Size

\$2,164,773.67

Management Fee

0.65%

Administration Costs

0.28%

Sales Fee

May be applicable

LOM Asset Management
The LOM Building
27 Reid Street
Hamilton, HM11
Bermuda
(441)295-6999
www.lom.com
asset@lom.com

The Balanced Fund gained 6.57% in the last calendar quarter, ending the year up 18.21%. The benchmark gained 17.80%. The Fund also outperformed local competitors which averaged 15.70% over the same time period.

Following concern over slowing economic growth during the late summer months, the U.S. economy managed to finish 2019 on an uptick. Positive economic data included an improvement in factory utilization, industrial production, housing starts and building permits. Importantly, Personal consumption, which represents approximately 70% of America's gross domestic product (GDP) celebrated accelerating wage gains as the record-length business expansion stayed on course.

Global equity markets responded positively to the siren call of lower interest rates and increasingly accommodative central bank monetary policies around the world. Global equity markets ended the year strong, gaining 8.19% during the quarter as measured by the MSCI World Equity Index.

Global market gains were largely driven by an easing of global trade tensions. The U.S.-China trade war started a process of de-escalation as a "Phase One" deal was tentatively secured. British elections handed significant gains to Boris Johnson's Conservative Party, providing a clear pathway to Brexit in January. The British Pound (+6.57%) and Euro (+2.42%) rallied relative to the dollar on the increased certainty.

In terms of economic growth, America's late year pick up was attributable to an improvement in factory utilization, industrial production, housing starts and building permits. Importantly, personal income rose 0.5% in November on the back of solid employment gains and consumer spending, which improved 0.4% as the stock market pushed upwards to multiple new highs in Q4.

Elsewhere in the world, economic activity was more varied. Those countries most dependent upon international trade were negatively impacted by the ongoing U.S.-China trade war and the nettlesome Brexit negotiations. For example, Germany, which is highly dependent upon international trade, likely grew its GDP at only a 0.1% rate in Q4, about equal to its Q3 performance.

Balanced Fund Performance through 12/31/19

Fund	Q4	Annualized Return		
		1 Year	3 Year	5 Year
LOM Balanced Fund	6.57%	18.21%	7.52%	3.61%
Balanced Fund Benchmark Index *	6.09%	17.79%	7.60%	5.10%

* 60% MSCI World Stock Index/40% Citigroup 1-5 Year Govt/Corp Bond Index

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