



## LOM Balanced Fund Manager's Report Q3 2020

October 2, 2020

### Fund Information

#### Fund Manager

LOM Asset Management Ltd.

#### Portfolio Managers

Bryan Dooley, CFA

#### Domiciled

Bermuda

#### Exchange

Bermuda Stock Exchange

#### Inception Date

03/13/2000

#### Dealing Terms

Friday (5:30 AST)

#### Settlement Terms

Trade +5

#### ID ISIN

BMG556251004

#### Bloomberg Ticker

LOMBALF BH

#### Fund Size

\$1,970,929.82

#### Management Fee

0.65%

#### Administration Costs

0.17%

#### Sales Fee

May be applicable

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The Balanced Fund experienced another solid quarter, gaining 9.28% while the benchmark returned 5.88%. Our tactical overweight in equities, technology, and companies with smaller market capitalizations in March continued to deliver strong outperformance for the fund.

Expectations of a Coronavirus vaccine successfully completing Phase 3 trials appear to be baked into market expectations. News sources are more focused on when this will come to pass and how to distribute the vaccine.

Concerns of an overheating market led to a claw back of returns in September. As earlier gains in technology, health care and communications services weakened, we saw relative strength coming out of the industrial and financial sectors. Smaller market cap and value companies also showed stronger relative performance in September.

In the United States, the focus has shifted to the national elections. Polling data suggests the Democrats have a strong likelihood of winning. As we learned in the 2016 election, there may be underreporting of Trump support leading into the final month. The first presidential debate took place on September 30<sup>th</sup>. After the President contracted the Coronavirus, it seems unlikely the second scheduled debate will occur.

The bond market remained relatively stable in the third quarter after a volatile first half of the year. The Treasury yield curve continued to steepen slightly with short term yields moved lower and long-term yields rising. Corporate spreads continued their tightening trend in July and then flattened in August and September. Overall, the spread between the BBB rated bonds and the ten-year Treasury has narrowed by about 20 basis points during the third quarter.

### Balanced Fund Performance through 10/02/2020

| Fund                     | Q3 2020 | Annualized Returns |       |        |
|--------------------------|---------|--------------------|-------|--------|
|                          |         | 1 Year             | 3Year | 5 Year |
| LOM Balanced Growth Fund | 9.28%   | 6.87%              | 3.62% | 5.61%  |
| Custom Benchmark         | 5.88%   | 6.26%              | 4.33% | 4.55%  |

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