LOM ASSET MANAGEMENT LIMITED

LOM Equity Growth Fund Manager's Report Q2 2017

June 30, 2017

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 +3

ID ISIN

BMG556251186

Bloomberg Ticker

LOMEQGA BH

Fund Size

$21,190,153.64

Management Fee

2.00%

Administration Costs

0.30%

Sales Fee

May be applicable

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For the second quarter of 2017, the LOM Equity Growth Fund delivered a net total return of 4.16% compared to the MSCI World Stock Index which advanced by 3.38%, representing outperformance of 0.77%. The S&P 500 stock index gained 3.09% for the period.

The Fund benefitted from well positioned sector weightings and strong security selection, but was held back modestly by currency headwinds as the greenback softened and we remain overweight U.S. dollar exposure. Breaking it down, security selection added approximately 94 basis points to relative total return while sector allocation added another 35 basis points.

Performance between sectors was quite varied during the quarter, making top-down strategy the key to navigating markets. Healthcare was up 7.09% while Energy was down 4.78%. Our sector bets paid off, however, as for example our seven percent overweight to healthcare achieved a total return of +7.7%, adding 42 basis points to the portfolio's total return. Security selection played a role, too. Although Information Technology was an average relative performer in Q2, our positions collectively returned +8.23%, more than double the index return.

In terms of individual positions, our best performers were spread across multiple industries. In technology, Oracle Corp (+12.9%) and Paypal Holdings, Inc. (+24.8%) were notable leaders after both companies reported excellent results. Paypal has benefitted from important trends in e-commerce while Oracle has been more of a turnaround story which has finally begun to pay off.

In the Industrials space, United Technologies (+9.42%) and Honeywell International (+7.2%) performed admirably while Unilever (+10.4%) did well in Consumer Staples. Meanwhile, Carnival Corp (+12.0%) and Hanesbrands (+12.3%) were standouts in Consumer Discretionary.

We stated in our last manager report that we see potential for further equity market progress as long as the global reflation scenario remains intact and central banks do not act too rashly in reducing monetary stimulus. So far, our base case appears to be unfolding. In this environment, we are paying strict attention to valuations on both the buy and sell side.

Equity Growth Fund Performance through 6/30/17

		Annualized Returns		
	Q2	1 Year	3 Year	5 Year
LOM Equity Growth Fund	4.16%	19.16%	2.99%	8.18%
MSCI World Stock Index	3.38%	15.47%	2.82%	9.31%