LOM ASSET MANAGEMENT LIMITED

LOM Equity Growth 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 +3

ID ISIN
BMG556251186

Bloomberg Ticker
LOMEQGA BH

Fund Size
$32,695,882.13

Management Fee
2.00%

Administration Costs
0.30%

Sales Fee
May be applicable

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Global equity markets continued their rebound during the third quarter of 2020 as the economic recovery began to gain traction on the back of unprecedented amounts of fiscal and monetary stimulus. Over Q3 the LOM Equity Growth Fund gained 9.32%. Top performing sectors included Consumer Discretionary (+18.6%), Industrials (+14.82%) and Information Technology (+13.3%.)

Global activity as measured by home sales, industrial production and aggregate employment levels continued to show signs of improvement throughout the third quarter. Near-term sequential progress continued to rise when coronavirus-related restrictions on routine activities were lifted. On a global basis, China appears to be somewhat ahead of most major economies due to its earlier shutdown and reopening. While the worst of the recession appears to have passed for the U.S. and Europe, activity levels remain below full potential while several pharmaceutical companies work diligently on a vaccine.

When the U.S. economy began reopening in April, consumer sentiment began to improve significantly. This trend typically begins during recessions and lasts into the early cycle phase. Industries most directly impacted by the virus, such as travel, leisure, restaurants, and hotels, accounting for roughly 20% of U.S. jobs and economic output—may remain difficult to fully reopen until a vaccine is approved and widely distributed. Meanwhile daily Covid-19 related deaths continue to fall in most countries as the virus runs its course and medical professionals learn to deal with the disease more effectively.

Despite a sharp correction in September, the MSCI World Stock Index ended the quarter higher, helped by stronger earnings revisions, a weaker dollar and low bond yields. Quality stocks edged out Growth stocks in Q3 and in September too. Value continued to lag during the quarter as it has for some time. On a sector basis, Cyclical stocks were the winners, and Energy the losers over Q3.

Global equity markets faced concerns of overheating in the Information Technology sector as strong gains made in July and August were reversed in September. In the back half of the quarter, a sector rotation took place. Technology, Communications and Healthcare sectors scaled back while gains were seen in the unloved Industrials, Financials, and Consumer Discretionary sectors. While the Tech sector may have been overbought during the mid-summer months, we note the group's historical price-to-earnings (a standard measure of relative priciness of companies) is only slightly above its historical average.

Equity Growth Fund Performance through 10/02/20

	Annualized Returns			
	Q3 2020	1 Year	3 Year	5 Year
LOM Equity Growth Fund	9.32%	7.64%	5.11%	7.78%
MSCI World Stock Index	9.52%	9.71%	5.68%	8.00%