

LOM FIXED INCOME FUND LTD.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

LOM FIXED INCOME FUND LTD.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets and Liabilities	2
Schedule of Investments	3-5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9-15

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
LOM Fixed Income Fund Ltd.

We have audited the accompanying statement of assets and liabilities of LOM Fixed Income Fund Ltd. (the "Fund"), including the schedule of investments, as of December 31, 2007, and the related statements of operations, changes in net assets and cash flows and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LOM Fixed Income Fund Ltd. as of December 31, 2007, and the results of its operations, changes in its net assets, and its cash flows and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Marcum & Kliegman LLP

August 11, 2008

LOM FIXED INCOME FUND LTD.
STATEMENT OF ASSETS AND LIABILITIES

December 31, 2007

ASSETS

Investments in securities, at fair value (cost of \$20,542,028)	\$20,632,090
Cash and cash equivalents	994,798
Accrued interest receivable	<u>222,095</u>
 TOTAL ASSETS	 \$21,848,983

LIABILITIES

Accounts payable and accrued expenses	<u>30,665</u>
 NET ASSETS	 <u>\$21,818,318</u>
 NUMBER OF SHARES IN ISSUE	 <u>1,777,834.951</u>
 NET ASSET VALUE PER SHARE	 <u>\$12.27241</u>

Approved by the Board of Directors:

Director

Director

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

SCHEDULE OF INVESTMENTS

December 31, 2007

Principal Amount or Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES</u>				
<u>FIXED INCOME</u>				
<u>CORPORATE BONDS</u>				
United States Dollars				
400,000	Abbott Laboratories 5.6% 05/15/11	\$ 404,303	1.90%	\$ 414,160
75,000	Ace Ina Holdings Inc 5.875% 06/15/14	74,069	0.35%	75,735
425,000	Alliance & Leicester PLC 5.19% 01/26/09	425,493	1.91%	416,500
250,000	American Express 5.5% 06/01/2009	251,275	1.15%	251,250
425,000	Boams 2007-1 1A7 Banc of America 5.75% 03/25/37	429,293	1.95%	425,266
110,000	BTM (Curacao) Hldg NV 4.76% 07/21/15	100,758	0.49%	107,360
435,000	California St 11/01/13 5%	466,112	2.14%	467,947
210,000	Deutsche Bank AG London 3.75% 12/06/09	204,140	0.94%	204,750
400,000	Eurohypo SA Luxembourg 4.625% 09/30/10	399,396	1.87%	406,944
450,000	General Electric Cap Corp 6.125% 02/22/11	458,524	2.16%	471,420
475,000	Goldman Sachs Group Inc 5.3% 02/14/12	464,972	2.21%	481,180
400,000	HSBC Finance Corp 4.1250 12/15/08	396,296	1.82%	396,840
425,000	HSBC Finance Corp 6.375% 10/15/11	438,851	2.01%	437,495
475,000	Hydro Quebec 6.3% 05/11/11	494,327	2.33%	509,381
272,000	KFW Intl Finance 8% 02/15/10	289,535	1.35%	293,760
400,000	Lehman Brothers Holdings 5.17% 05/25/10	394,743	1.77%	385,800
350,000	Lloyds TSB Bank PLC 03/31/09	329,560	1.52%	330,750
400,000	MGFUND 4.625% 03/15/10	394,551	1.84%	401,560
363,500	National Westminster BK 7.375% 01/10/09	382,453	1.74%	379,494
135,000	Pacific Life Global 3.75% 01/15/09	131,653	0.61%	134,107
425,000	Shell International FIN 5.625% 06/27/11	435,375	2.04%	445,332
600,000	Sunoco Inc 7.75% 09/01/09	624,542	2.88%	628,500
415,000	Target Corp 7.5% 08/15/10	441,430	2.04%	444,743
425,000	Total Capital SA	423,538	2.00%	437,070
553,000	Toyota Mtr Credit Corp 6.02% 06/30/11	559,379	2.55%	555,765
350,000	Wachovia Corp 5.3% 10/15/11	352,121	1.63%	356,587
425,000	Union Tank Car 7.45% 06/01/09	443,279	2.02%	440,513
500,000	WM Wrigley Jr Co 4.3% 07/15/10	489,260	2.29%	500,000
375,000	Wyeth 6.95% 03/15/11	398,119	1.82%	397,654
	Total Corporate Bonds	<u>\$ 11,097,347</u>	<u>51.32%</u>	<u>\$ 11,197,863</u>

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

SCHEDULE OF INVESTMENTS, Continued

December 31, 2007

Principal Amount or Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>GOVERNMENT OBLIGATIONS</u>				
United States Dollars				
165,000	Connecticut St Dev Auth 4.65% 08/15/12	\$ 158,828	0.76%	\$ 166,148
400,000	Fannie Mae 5.25% 04/06/11	401,276	1.86%	404,875
425,000	Fannie Mae 6.25% 02/11/11	440,476	2.07%	452,128
400,000	Massachusetts St 5.5% 11/01/10	423,880	1.95%	425,124
500,000	Fed Home Loan Bank 5.25% 11/3/09	499,785	2.31%	504,650
225,000	Federal Home Loan Bank 3.125% 12/30/08	217,957	1.02%	223,088
605,000	US Treasury Infl IX N/B 2% 04/15/12	636,133	2.96%	645,665
850,000	US Treasury N/B 3.625% 10/31/09	851,978	3.94%	858,699
1,022,000	US Treasury N/N 3.875% 10/31/12	1,015,899	4.78%	1,042,201
520,000	US Treasury NB 4.5% 05/15/10	527,602	2.46%	537,570
	Total Government Obligations	<u>5,173,814</u>	<u>24.11%</u>	<u>5,260,148</u>
<u>MORTGAGE SECURITIES</u>				
United States Dollars				
62,784	American Home Mortgage 5.0150% 09/28/35	62,692	0.28%	61,528
30,501	AHM 2004-3 6A3 4.48% 10/25/34	30,290	0.14%	30,330
245,331	Balta 2005-4 23A1 5.3678% 05/25/35	241,398	1.08%	235,671
240,564	Bank of America 2004 F 2A7	241,942	1.09%	238,681
425,000	Canada Mtge & Housing 5% 09/01/11	433,841	2.03%	442,927
348,842	Chase Mortgage Finance 5.5% 11/25/35	347,023	1.58%	345,353
182,180	Fannie Mae 2005-12 JR	13,069	0.01%	1,252
239,735	FHRR R004 Fredeie Mac Ref 5.125% 12/15/13	237,549	1.10%	240,410
151,176	FHRR RO01 AE Freddie Mac Reference	148,098	0.69%	149,806
289,477	FNBR2006-B1 AB 6% 06/25/16	291,812	1.34%	292,010
123,973	Freddie Mac 1050 HZ	124,675	0.57%	125,213
385,908	Freddie Mac 2760 LI	41,898	0.03%	6,753
321,287	Freddie Mac FHR 2626 NI 5% 06/15/23	41,938	0.12%	25,301
342,395	Freddie Mac REF R009 5.75% 12/15/18	342,884	1.58%	345,552
1,548,652	GNR 2006-56 AI 5.5% 11/20/29	189,003	0.67%	146,639
255,130	GSR 2005-7F 2A2	253,535	1.12%	245,004
191,838	Master Asset SEC 2002-8 1A2	193,296	0.84%	183,685
184,433	Mastr Alt 2003-4 2A1	188,515	0.83%	180,744
24,557	Residential Acc Loans 5.4650% 07/25/32	24,553	0.11%	23,821
122,649	Wells Fargo 2003-1 1a2 (4.5%)	123,275	0.53%	115,865
315,000	Wells Fargo 2004-s a7 3.5406% 09/25/34	299,581	1.43%	311,063
	Total Mortgage Securities	<u>\$ 3,870,867</u>	<u>17.18%</u>	<u>\$ 3,747,608</u>

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

SCHEDULE OF INVESTMENTS, Continued

December 31, 2007

Principal Amount or Shares	Description	Cost	Percentage of Net Assets	Fair Value
<u>INVESTMENTS IN SECURITIES</u> , Continued				
<u>INVESTMENT FUND</u>				
United States Dollars				
41,648	Baring Directional Fund	<u>\$ 400,000</u>	<u>1.95%</u>	<u>\$ 426,471</u>
TOTAL INVESTMENTS IN SECURITIES		<u>\$ 20,542,028</u>	<u>94.56%</u>	<u>\$ 20,632,090</u>

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2007

INVESTMENT INCOME

Interest		\$1,143,531
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EXPENSES

Management fees	\$ 210,427	
Administration fees	12,514	
Custodian fees	10,521	
Professional fees	18,099	
Miscellaneous	<u>14,499</u>	

TOTAL EXPENSES		<u>266,060</u>
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NET INVESTMENT INCOME		877,471
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized loss on sale of investments	(96,624)	
Net change in unrealized appreciation of investments	<u>319,623</u>	

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		<u>222,999</u>
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		<u>\$1,100,470</u>
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The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2007

INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS

Net investment income	\$ 877,471
Net realized loss on sale of investments	(96,624)
Net change in unrealized appreciation of investments	<u>319,623</u>

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ 1,100,470

INCREASE (DECREASE) IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS

Proceeds from issuance of 318,664.009 shares	3,766,514
Payment on redemption of 274,012.392 shares	<u>(3,245,351)</u>

NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL SHARE TRANSACTIONS 521,163

NET INCREASE IN NET ASSETS 1,621,633

NET ASSETS - Beginning 20,196,685

NET ASSETS - Ending \$21,818,318

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations		\$ 1,100,470
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Purchase of investment securities	\$(48,895,099)	
Proceeds from sales of investment securities	48,139,701	
Net realized loss on sale of investments	96,624	
Net change in unrealized appreciation of investments	(319,623)	
Changes in operating assets and liabilities:		
Accrued interest receivable	(30,253)	
Other assets	3,472	
Accounts payable and accrued expenses	<u>(16,025)</u>	

TOTAL ADJUSTMENTS (1,021,203)

NET CASH PROVIDED BY OPERATING ACTIVITIES 79,267

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of shares	3,766,514
Payments on redemption of shares	<u>(3,245,351)</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES 521,163

NET INCREASE IN CASH AND CASH EQUIVALENTS 600,430

CASH AND CASH EQUIVALENTS - Beginning 394,368

CASH AND CASH EQUIVALENTS - Ending \$ 994,798

The accompanying notes are an integral part of these financial statements.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Operations

LOM Fixed Income Fund Ltd. (the “Fund”) is an open-ended investment company which was incorporated as an exempt company under the laws of the Cayman Islands on March 13, 2000. The Fund is registered as a regulated mutual fund pursuant to Section 4(3) of the Mutual Funds Law with the Cayman Islands Monetary Authority. The Fund is listed on the Bermuda Stock Exchange.

The Fund's investment objective is to achieve above-average total returns while employing an absolute return mandate. The Fund will seek to achieve its investment objective by selective investment in fixed income securities and open and closed-ended mutual funds.

Dundee Leeds Management Services (Cayman) Ltd. (the “Administrator”) acts as Administrator, Registrar and Transfer agent for the Fund (see Note 12). LOM Asset Management Ltd. (“LOMAM”) (a related party to the Fund) acts as Investment Manager and owns 100% of the Management Shares (Note 3). Lines Overseas Management Ltd. (a related party to the Fund) also acts as paying agent and custodian to the Fund.

Certain directors of the Fund are also principals, directors and officers of companies affiliated with LOMAM.

NOTE 2 - Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Investment Valuation and Revenue Recognition

Investment transactions are accounted for on a trade date basis. Investments in fixed income securities are valued at the closing market price on the principal exchanges on which they are traded on the valuation day. Securities for which no sale was reported on the valuation day are valued at the closing market bid price. Broker quotes are used to value certain securities when the Investment Manager believes these quotes are representative of fair value. Investments in other investment companies are valued at the net asset value or bid prices of the fund, as published or otherwise reported by the fund. The other investment companies in which the Fund invests will generally value securities traded on a national securities exchange or reported on a national market at the last reported sales price on the day of the valuation or the last quoted bid price, if no sale was reported on the valuation date.

Realized and unrealized gains and losses on investments are calculated using the first-in-first-out (FIFO) method, which approximates the average cost method, and are recorded in the accompanying statement of operations.

Interest income is recognized on an accrual basis.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Summary of Significant Accounting Policies, continued

Foreign Currency Translation

The Fund's functional currency is U.S. dollars. Bermuda dollars trade at par with U.S. dollar. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized gain or loss on sale of investments and net change in unrealized depreciation on investments.

Realized and unrealized foreign exchange gains and losses arise from sales of foreign currencies, differences between the trade and settlement dates on securities transactions and changes in the fair values of assets and liabilities, other than investments in securities, resulting from changes in exchange rates.

Cash and Cash Equivalents

The Fund considers all short-term investments with original maturities of three months or less to be cash equivalents.

Cash and cash equivalents include an investment in LOM Money Market Fund Ltd., a related party investment company by virtue of a common investment manager and directors. Such investments generally have no usage and withdrawal restrictions. At December 31, 2007, the fair value of the investment was \$994,798 (representing 8,300.18 shares) in the US Dollar Class of LOM Money Market Fund Ltd.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Summary of Significant Accounting Policies, continued

Recently Issued Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Statements No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Investment Manager has evaluated the impact of the adoption of SFAS 157 on the Fund and does not expect the adoption to have any material impact on the Fund’s financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). SFAS 159 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective beginning January 1, 2008, and permits earlier application. The Fund is currently evaluating the effect of the adoption of this pronouncement on its financial statements.

In March 2008, the FASB issued SFAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”), which requires disclosures about the fair value of derivative instruments and their gains or losses in tabular format as well as disclosures regarding credit-risk-related contingent features in derivative agreements, counterparty credit risk and strategies and objectives for using derivative instruments. SFAS 161 amends and expands SFAS No. 133 and is effective prospectively beginning January 1, 2009. The Fund is currently evaluating the effect of the adoption of this pronouncement on its financial statements.

NOTE 3 - Capital Stock

The Fund has an authorized share capital stock of \$50,000 divided into 49,999,000 non-voting redeemable Participating Shares (the “Shares”) of a par value of \$0.001 each and 1,000 Management Shares of a par value of \$0.001 each. Participating Shares are offered for sale to investors with rights to participate in the profits of the Fund but no voting rights.

Management Shares have voting rights but no right to participate in the profits of the Fund, and no dividends may be declared on the Management Shares. Except for repayment of amounts paid in for the Management Shares, LOMAM may not receive any distribution of assets of the Fund in liquidation or dissolution of the Fund.

The Investment Manager owns 100% of the Management Shares.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Capital Stock, continued

Shares are subscribed for and redeemed on each Dealing Day at a value calculated at close of business on each Dealing Day. The Dealing Day is the last business day of each week, or such other days as the Directors may determine. The minimum initial subscription is \$50,000.

At December 31, 2007, LOM Nominees Ltd. ("LOM Nominees") is the registered holder of all the shares of the Fund. During the year ended December 31, 2007, LOM Nominees bought 318,664.009 and sold 274,012.392 shares of the Fund.

NOTE 4 - Related Party Transactions

Management Fee

The Investment Manager is entitled to receive an annual fee of 1% of the Fund's net asset value, accrued weekly and payable quarterly.

Management fees incurred and paid during the year ended December 31, 2007 totaled \$210,427.

Custodian Fee

Under the Custody Agreement dated March 31, 2000, the Custodian is entitled to receive a fee of 0.05% per annum of the net asset value of the Fund, calculated and payable on a weekly basis, subject to a minimum of \$3,000 per year. During 2007, the Custodian charged and was paid by Fund fees totaling \$10,521.

NOTE 5 - Administration Fees

In accordance with the terms of the contract with the Administrator, the Fund is charged administrative fees equal to the greater of 0.05% of the combined net asset value of the Fund and the Fund's related party investment companies or \$115,000, allocated to the Fund and the Fund's related party investment companies pro-rata based on the net asset value of each investment company in relation to the combined net asset value. During 2007, administration fees amounted to \$12,514.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - Taxation

Under current Cayman Islands law the Fund is not required to pay income taxes in the Cayman Islands on income, profits or capital gains. The Fund obtained an exemption from the Cayman Islands authorities on March 14, 2000 from such taxes for a period of 20 years. The Fund is also not subject to income taxes under current Bermuda law.

It is Management's belief that the Fund is not engaged in a United States trade or business and is not subject to United States income or withholding taxes in respect of the profits and losses of the Fund other than the 30% withholding tax on US source dividends. In addition, Management believes the Fund is not subject to income taxes in any other jurisdiction. As a result, Management has made no provision for income taxes in these financial statements.

The Fund adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), effective January 1, 2007. FIN 48 provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken (including whether an entity is taxable in a particular jurisdiction) in the course of preparing the Fund's tax returns to determine whether the tax positions are "more likely than not" of being sustained by the applicable taxing authority. Tax positions not deemed to meet this threshold would be required to be recorded on the financial statements. FIN 48 is to be applied to all open tax years as of the date of effectiveness. Since the Fund is not required to pay income taxes in the Cayman Islands or the United States, there are no open tax years and no uncertain tax positions are required to be recorded at December 31, 2007.

NOTE 7 - Derivative Financial Instruments and Risk Management

The Fund does buy or hold mortgage back securities. Some of the other investment companies in which the Fund invests are dealing or trading in these instruments as their principal investment activity or use these instruments as part of their investment strategy. This may result in market or credit risks to the other investment companies in excess of the amount invested in these instruments. However, the Fund's risk is limited to the net asset value of its investments in the other investment companies.

NOTE 8 - Fair Value of Financial Instruments

In addition to the fair values of investments as disclosed in the schedule of investments, the fair values of the Fund's other financial instruments, including cash and cash equivalents, accrued interest and accounts payable and accrued expenses approximate their carrying values due to the short term maturity of these financial instruments.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - Guarantees

In the normal course of its operations, the Fund enters into contracts that contain indemnifications and warranties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

NOTE 10 - Financial Highlights

Financial highlights for the year ended December 31, 2007 are as follows:

Per Share Operating Performance:

Net asset value per share, beginning of year	\$11.653
Net investment income	0.494
Net realized and unrealized loss on investments	<u>0.126</u>
Net asset value per share, end of year	<u>\$12.273</u>
Total Return	5.32%
<u>Ratio to Average Net Assets:</u>	
Total expenses	1.28%
Net investment income	4.21%

Financial highlights are calculated for the class of shares taken as a whole. An individual shareholder's return and ratios may vary based on the timing of capital transactions.

Total return is computed using a time-weighted methodology whereby the returns for the individual accounting periods are geometrically linked. The ratios are computed using a weighted-average of the net assets for the year ended December 31, 2007.

LOM FIXED INCOME FUND LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - Financial Instruments

Credit and Liquidity Risk

The Fund is potentially subject to both credit and liquidity risk, principally with LOM Money Market Fund and investments in securities. The Fund's credit risk is the replacement cost at the then estimated fair value of the instrument. Credit risk arises because the possibility that promised cash flows on securities held by the fund (such as other funds, deposits and bonds) will not be paid in full. Credit risk is risk due to uncertainty in a counterparty's (also called an obligor's or credit's) ability to meet its obligations. As the Fund places its cash with LOM Money Market Fund, management believes that the risk of incurring losses with these LOM Mutual Funds is remote and that such losses, if any, would not be material.

NOTE 12 - Subsequent Events

As of January 1, 2008, the Fund terminated Dundee Leeds Management Services (Cayman) Ltd. and appointed Bermuda Commercial Bank Ltd. as the new Administrator.

During the period from January 1, 2008 to May 31, 2008, the Fund received redemption requests for \$2,385,781 and subscription requests for \$965,334.