

**LOM FUNDS SAC LTD.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

# LOM FUNDS SAC LTD.

## CONTENTS

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<b>Independent Auditors' Report</b> .....	1
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### **Financial Statements**

Statements of Assets and Liabilities .....	2-3
Condensed Schedules of Investments.....	4-17
Statements of Operations .....	18-19
Statements of Changes in Net Assets.....	20-21

<b>Notes to Financial Statements</b> .....	22-42
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## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of  
**LOM Funds SAC Ltd.**

We have audited the accompanying statements of assets and liabilities of LOM Funds SAC Ltd. (the "Company"), which comprises the LOM Money Market Fund USD, LOM Money Market Fund CAD, LOM Money Market Fund GBP, LOM Stable Income Fund, LOM Emerging Market Fund, LOM Fixed Income Fund USD, LOM Fixed Income Fund EUR, LOM Fixed Income Fund GBP, LOM Equity Growth Fund and LOM Balanced Fund, including the condensed schedules of investments, as of December 31, 2016, and the related statements of operations and changes in net assets for the year/period then ended (all expressed in the functional currency of each fund), and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LOM Funds SAC Ltd. as of December 31, 2016, the results of its operations and change in its net assets for the year/period then ended in accordance with accounting principles generally accepted in the United States of America.

*Deloitte Ltd.*

June 23, 2017

# LOM FUNDS SAC LTD.

## STATEMENTS OF ASSETS AND LIABILITIES

AS OF DECEMBER 31, 2016

	LOM Money Market Fund \$ USD	LOM Money Market Fund \$ CAD	LOM Money Market Fund £ GBP	LOM Stable Income Fund \$ USD	LOM Emerging Market Fund \$ USD
<b>Assets</b>					
Investments in securities, at fair value (cost – \$10,525,263, C\$8,506,409, £712,455, \$40,067,340, \$897,528)	10,498,191	8,466,439	712,594	41,672,405	880,184
Cash	616,043	542,361	30,193	3,632,167	21,942
Due from broker	-	-	-	-	8,257
Dividends receivable	-	-	-	73,834	-
Interest receivable	79,628	82,999	6,407	82,856	-
Prepaid and other assets	1,338	671	34	1,695	6,193
<b>Total assets</b>	<b>11,195,200</b>	<b>9,092,470</b>	<b>749,228</b>	<b>45,462,957</b>	<b>916,576</b>
<b>Liabilities</b>					
Bank overdraft	-	-	-	-	-
Redemptions payable	-	-	-	1,126	-
Management fees payable	13,994	12,521	231	157,725	2,291
Performance fee payable	-	-	-	-	12,630
Accounts payable and accrued liabilities	5,421	5,114	585	22,940	374
<b>Total liabilities</b>	<b>19,415</b>	<b>17,635</b>	<b>816</b>	<b>181,791</b>	<b>15,295</b>
<b>Net assets</b>	<b>11,175,785</b>	<b>9,074,835</b>	<b>748,412</b>	<b>45,281,166</b>	<b>901,281</b>

See the accompanying notes to the financial statements

# LOM FUNDS SAC LTD.

## STATEMENT OF ASSETS AND LIABILITIES

AS OF DECEMBER 31, 2016

	LOM Fixed Income Fund \$ USD	LOM Fixed Income Fund €EUR	LOM Fixed Income Fund £ GBP	LOM Equity Growth Fund \$ USD	LOM Balanced Fund \$ USD
<b>Assets</b>					
Investments in securities, at fair value (cost - \$62,944,034, €338,072, £2,316,754, \$15,211,086, \$2,493,486)	61,668,197	347,860	2,291,610	18,283,704	2,887,047
Cash	-	29,182	54,100	144,877	7,663
Due from broker	960,000	-	-	142,581	-
Dividends receivable	20,956	-	-	3,636	-
Interest receivable	494,085	2,419	26,311	-	-
Prepaid and other assets	17,786	12	1,932	746	265
<b>Total assets</b>	<b>63,161,024</b>	<b>379,473</b>	<b>2,373,953</b>	<b>18,575,544</b>	<b>2,894,975</b>
<b>Liabilities</b>					
Bank overdraft	359,617	-	-	-	-
Redemptions payable	42,903	-	11,307	27,981	4,539
Management fees payable	159,927	-	4,696	90,593	4,694
Performance fee payable	-	-	-	-	-
Accounts payable and accrued liabilities	30,865	306	1,421	10,278	1,740
<b>Total liabilities</b>	<b>593,312</b>	<b>306</b>	<b>17,424</b>	<b>128,852</b>	<b>10,973</b>
<b>Net assets</b>	<b>62,567,712</b>	<b>379,167</b>	<b>2,356,529</b>	<b>18,446,692</b>	<b>2,884,002</b>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM MONEY MARKET FUND USD

**AS OF DECEMBER 31, 2016**

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	<b>CORPORATE BONDS</b>			
	France			
	Financial	<u>551,035</u>	<u>550,588</u>	<u>4.9%</u>
	United States of America			
	Consumer Cyclical	502,650	500,217	4.5%
	Consumer Non-Cyclical	501,820	501,767	4.5%
	Financial	<u>1,485,879</u>	<u>1,481,387</u>	<u>13.2%</u>
	Total for United States of America	<u>2,490,349</u>	<u>2,483,371</u>	<u>22.2%</u>
	Canada			
	Financial	<u>1,504,827</u>	<u>1,500,926</u>	<u>13.4%</u>
	United Kingdom			
	Financial	1,006,595	1,003,164	9.0%
	Communications	<u>550,321</u>	<u>550,092</u>	<u>4.9%</u>
	Total for United Kingdom	<u>1,556,916</u>	<u>1,553,256</u>	<u>13.9%</u>
	Switzerland			
	Financial	<u>500,540</u>	<u>500,371</u>	<u>4.5%</u>
	Germany			
	Financial	<u>495,890</u>	<u>499,690</u>	<u>4.5%</u>
	Netherlands			
	Financial	<u>908,971</u>	<u>902,878</u>	<u>8.1%</u>
	Australia			
	Financial	<u>510,040</u>	<u>502,842</u>	<u>4.5%</u>
	Sweden			
	Financial	<u>503,340</u>	<u>501,740</u>	<u>4.5%</u>
	South Korea			
	Financial	<u>500,840</u>	<u>500,429</u>	<u>4.5%</u>
	Total for CORPORATE BONDS	<u>9,522,748</u>	<u>9,496,091</u>	<u>85.0%</u>
	<b>GOVERNMENT BONDS</b>			
	Middle East	<u>502,540</u>	<u>502,148</u>	<u>4.5%</u>
	Europe	<u>499,975</u>	<u>499,952</u>	<u>4.4%</u>
	Total for GOVERNMENT BONDS	<u>1,002,515</u>	<u>1,002,100</u>	<u>8.9%</u>
	Total Investment in securities	<u>10,525,263</u>	<u>10,498,191</u>	<u>93.9%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM MONEY MARKET FUND CAD

**AS OF DECEMBER 31, 2016**

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2	Cost \$ CAD	Fair Value \$ CAD	% of Net Assets
	<b>CORPORATE BONDS</b>			
	United States of America			
	Financial			
500,000	Citigroup Inc. 4.625% 1/17/2017	507,240	500,805	5.5%
500,000	Morgan Stanley 4.9% 2/23/2017	<u>508,314</u>	<u>502,844</u>	<u>5.6%</u>
	Total for Financial	<u>1,015,554</u>	<u>1,003,649</u>	<u>11.1%</u>
	Technology			
500,000	IBM Corp 2.2% 2/10/2017	<u>502,552</u>	<u>500,713</u>	<u>5.5%</u>
	Total for United States of America	<u>1,518,106</u>	<u>1,504,362</u>	<u>16.6%</u>
	Canada			
	Consumer Cyclical			
500,000	BMW Canada Inc. Floating 2/24/2017	500,565	500,205	5.5%
491,000	Daimler Canada Finance 2.28% 2/17/2017	<u>493,200</u>	<u>491,929</u>	<u>5.4%</u>
	Total for Consumer Cyclical	<u>993,765</u>	<u>992,134</u>	<u>10.9%</u>
	Energy			
500,000	TransCanada Pipelines 5.1% 1/11/2017	508,040	500,644	5.5%
	Financial			
500,000	Bank Of Montreal Floating 6/12/2017	501,090	500,797	5.5%
500,000	Canadian Imperial Bank of Commerce Floating 3/8/2017	500,190	500,060	5.5%
500,000	National Bank of Canada 2.019% 04/13/17	501,933	501,655	5.6%
500,000	Toronto-Dominion Bank 1.824% 4/3/2017	502,055	501,120	5.5%
550,000	Wells Fargo Canada Corp 2.774% 2/9/2017	553,276	551,196	6.1%
	Other	<u>403,640</u>	<u>400,252</u>	<u>4.4%</u>
	Total for Financial	<u>2,962,184</u>	<u>2,955,080</u>	<u>32.6%</u>
	Communications			
500,000	TELUS Corp 4.95% 3/15/2017	507,635	503,928	5.6%

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM MONEY MARKET FUND CAD (CONTINUED)

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2 (Cont'd)	Cost \$ CAD	Fair Value \$ CAD	% of Net Assets
	Industrial			
500,000	John Deere Canada Funding In 1.95% 4/12/2017	501,680	501,522	5.5%
500,000	Ottawa Macdonald-Cartier 4.733% 5/2/2017	<u>509,085</u>	<u>506,431</u>	<u>5.6%</u>
	Total for Industrial	<u>1,010,765</u>	<u>1,007,953</u>	<u>11.1%</u>
	Total for Canada	<u>5,982,389</u>	<u>5,959,739</u>	<u>65.7%</u>
	Netherlands			
	Consumer Cyclical			
500,000	Volkswagen Fin Serv NV 2.125% 4/5/2017	501,890	500,375	5.5%
	New Zealand			
	Utilities			
500,000	Transpower New Zealand 3% 3/20/2017	<u>504,024</u>	<u>501,963</u>	<u>5.5%</u>
	Total for CORPORATE BONDS	<u>8,506,409</u>	<u>8,466,439</u>	<u>93.3%</u>
	Total Investment in securities	<u>8,506,409</u>	<u>8,466,439</u>	<u>93.3%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM MONEY MARKET FUND GBP

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2	Cost £ GBP	Fair Value £ GBP	% of Net Assets
	<b>CORPORATE BONDS</b>			
	United States of America			
	Financial			
100,000	Goldman Sachs Group Inc. 6.125% 5/14/2017	102,570	101,990	13.6%
	United Kingdom			
	Utilities			
50,000	Scotland Gas Network Plc 4.75% 2/21/2017	50,855	50,312	6.7%
	Australia			
	Financial			
200,000	Suncorp-Metway Ltd Floating 10/6/2017	<u>199,906</u>	<u>200,211</u>	<u>26.8%</u>
	Total for LEVEL 2 investments	<u>353,331</u>	<u>352,513</u>	<u>47.1%</u>
	Total for CORPORATE BONDS	<u>353,331</u>	<u>352,513</u>	<u>47.1%</u>
	<b>INVESTMENTS IN SECURITIES, AT FAIR VALUE – AT NAV PER SHARE</b>			
	<b>MUTUAL FUNDS</b>			
	Ireland			
	Fidelity Institutional Liquidity Fund – The Sterling Fund			
17		<u>359,124</u>	<u>360,081</u>	<u>48.1%</u>
	Total for investments measured at NAV per share	<u>359,124</u>	<u>360,081</u>	<u>48.1%</u>
	Total Investment in securities	<u>712,455</u>	<u>712,594</u>	<u>95.2%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM STABLE INCOME FUND

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
<b>COMMON STOCK</b>				
	United States of America			
	Consumer Cyclical	595,324	740,370	1.6%
	Consumer Non-Cyclical	1,938,021	2,237,446	4.9%
	Energy	1,153,953	1,175,910	2.6%
	Financial	2,630,475	2,829,125	6.2%
	Technology	591,450	770,360	1.7%
	Utilities	1,288,514	1,481,952	3.3%
	Communications	945,983	1,107,955	2.5%
	Industrial	<u>720,193</u>	<u>993,455</u>	<u>2.2%</u>
	Total for United States of America	<u>9,863,913</u>	<u>11,336,573</u>	<u>25.0%</u>
	Canada			
	Communications	<u>357,095</u>	<u>366,950</u>	<u>0.8%</u>
	United Kingdom			
	Utilities	<u>376,772</u>	<u>423,321</u>	<u>0.9%</u>
	Australia			
	Financial	465,544	425,349	0.9%
	Communications	<u>280,655</u>	<u>293,927</u>	<u>0.7%</u>
	Total for Australia	<u>746,199</u>	<u>719,276</u>	<u>1.6%</u>
	Spain			
	Communications	<u>138,187</u>	<u>138,000</u>	<u>0.4%</u>
	Total for COMMON STOCK	<u>11,482,166</u>	<u>12,984,120</u>	<u>28.7%</u>
<b>EXCHANGE TRADED FUNDS</b>				
	United States of America	2,590,620	3,072,770	6.8%
	Ireland	<u>667,920</u>	<u>498,582</u>	<u>1.1%</u>
	Total for EXCHANGE TRADED FUNDS	<u>3,258,540</u>	<u>3,571,352</u>	<u>7.9%</u>
<b>PREFERRED STOCK</b>				
	United States of America			
	Consumer Cyclical	500,500	503,840	1.1%
	Energy	250,250	258,000	0.6%
	Financial	9,268,050	9,197,476	20.3%
	Technology	393,813	404,006	0.9%
	Utilities	4,142,223	3,958,550	8.7%
	Communications	<u>3,932,998</u>	<u>3,853,202</u>	<u>8.5%</u>
	Total for United States of America	<u>18,487,834</u>	<u>18,175,074</u>	<u>40.1%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM STABLE INCOME FUND (CONTINUED)

**AS OF DECEMBER 31, 2016**

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	United Kingdom			
	Financial	<u>129,055</u>	<u>127,700</u>	<u>0.3%</u>
	Bermuda			
	Financial	<u>1,140,856</u>	<u>1,136,473</u>	<u>2.5%</u>
	Hong Kong			
	Industrial	<u>475,264</u>	<u>425,840</u>	<u>0.9%</u>
	Total for PREFERRED STOCK	<u>20,233,009</u>	<u>19,865,087</u>	<u>43.8%</u>
	Total for LEVEL 1 investments	<u>34,973,715</u>	<u>36,420,559</u>	<u>80.4%</u>
	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2			
	CORPORATE BONDS			
	France			
	Financial	<u>297,283</u>	<u>299,550</u>	<u>0.7%</u>
	United States of America			
	Energy	1,336,515	1,440,294	3.2%
	Financial	697,775	704,735	1.5%
	Technology	355,232	358,607	0.8%
	Communications	<u>382,142</u>	<u>358,056</u>	<u>0.8%</u>
	Total for United States of America	<u>2,771,664</u>	<u>2,861,692</u>	<u>6.3%</u>
	United Kingdom			
	Financial	<u>909,058</u>	<u>917,085</u>	<u>2.0%</u>
	Switzerland			
	Financial	<u>301,434</u>	<u>304,626</u>	<u>0.7%</u>
	Australia			
	Financial	<u>359,228</u>	<u>368,893</u>	<u>0.8%</u>
	Cayman Islands			
	Energy	<u>454,958</u>	<u>500,000</u>	<u>1.1%</u>
	Total for CORPORATE BONDS	<u>5,093,625</u>	<u>5,251,846</u>	<u>11.6%</u>
	Total for LEVEL 2 investments	<u>5,093,625</u>	<u>5,251,846</u>	<u>11.6%</u>
	Total Investment in securities	<u>40,067,340</u>	<u>41,672,405</u>	<u>92.0%</u>

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM EMERGING MARKET FUND

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	<b>COMMON STOCK</b>			
	South Korea			
	Technology	<u>13,585</u>	<u>14,940</u>	<u>1.6%</u>
	Taiwan			
	Technology	<u>29,763</u>	<u>28,750</u>	<u>3.2%</u>
	Total for COMMON STOCK	<u>43,348</u>	<u>43,690</u>	<u>4.8%</u>
	<b>EXCHANGE TRADED FUNDS</b>			
	United States of America			
5,000	The Emerging Markets Internet & Ecommerce JPM Diversified Return Emerging Markets Equity	115,649	114,200	12.7%
1,600	Powershares S&P Emerging Markets Low Volatility	77,121	74,064	8.2%
4,500	Vanguard FTSE Emerging Markets	96,638	94,050	10.4%
7,000	WisdomTree Emerging Markets High Dividend	249,191	250,460	27.8%
2,500	Others	95,195	93,350	10.4%
	Total for United States of America	<u>790,191</u>	<u>776,362</u>	<u>86.2%</u>
	Luxembourg			
13,051	MSCI Emerging Markets Healthcare	<u>63,989</u>	<u>60,132</u>	<u>6.7%</u>
	Total for EXCHANGE TRADED FUNDS	<u>854,180</u>	<u>836,494</u>	<u>92.9%</u>
	Total Investment in securities	<u>897,528</u>	<u>880,184</u>	<u>97.7%</u>

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM FIXED INCOME FUND USD

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
<b>PREFERRED STOCK</b>				
	United States of America			
	Financial	768,077	720,300	1.1%
	Utilities	2,327,898	2,106,510	3.4%
	Communications	<u>1,875,201</u>	<u>1,859,850</u>	<u>3.0%</u>
	Total for United States of America	<u>4,971,176</u>	<u>4,686,660</u>	<u>7.5%</u>
	Bermuda			
	Financial	<u>1,070,940</u>	<u>1,105,245</u>	<u>1.8%</u>
	Total for LEVEL 1 investments	<u>6,042,116</u>	<u>5,791,905</u>	<u>9.3%</u>
<b>INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2</b>				
<b>ASSET BACKED SECURITIES</b>				
	United States of America			
	Diversified Pools	<u>4,725,370</u>	<u>4,577,031</u>	<u>7.3%</u>
<b>CORPORATE BONDS</b>				
	France			
	Financial	<u>613,830</u>	<u>619,070</u>	<u>1.0%</u>
	United States of America			
	Basic Materials	1,241,455	1,287,691	2.1%
	Consumer Cyclical	3,330,150	3,254,598	5.2%
	Consumer Non-Cyclical	4,815,097	4,603,524	7.4%
	Energy	1,463,973	1,470,446	2.4%
	Financial	7,733,479	7,455,282	11.8%
	Technology	2,061,584	2,090,681	3.3%
	Utilities	1,135,876	1,094,236	1.7%
	Communications	4,942,450	4,759,533	7.6%
	Industrial	<u>1,376,463</u>	<u>1,408,026</u>	<u>2.3%</u>
	Total for United States of America	<u>28,100,527</u>	<u>27,424,017</u>	<u>43.8%</u>
	Canada			
	Financial	<u>725,057</u>	<u>723,895</u>	<u>1.2%</u>

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM FIXED INCOME FUND USD (CONTINUED)

**AS OF DECEMBER 31, 2016**

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2 (Cont'd)	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	United Kingdom			
	Energy	1,486,757	1,516,212	2.4%
	Financial	<u>2,206,068</u>	<u>2,182,778</u>	<u>3.5%</u>
	Total for United Kingdom	<u>3,692,825</u>	<u>3,698,990</u>	<u>5.9%</u>
	Switzerland			
	Financial	<u>2,774,278</u>	<u>2,658,139</u>	<u>4.2%</u>
	Germany			
	Financial	<u>1,090,979</u>	<u>1,099,318</u>	<u>1.8%</u>
	Netherlands			
	Financial	<u>2,148,016</u>	<u>2,083,291</u>	<u>3.3%</u>
	Australia			
	Consumer Cyclical	<u>568,109</u>	<u>563,555</u>	<u>0.9%</u>
	South Korea			
	Consumer Non-Cyclical	771,904	774,558	1.2%
	Energy	<u>1,654,909</u>	<u>1,667,079</u>	<u>2.7%</u>
	Total for South Korea	<u>2,426,813</u>	<u>2,441,637</u>	<u>3.9%</u>
	New Zealand			
	Financial	<u>824,043</u>	<u>821,894</u>	<u>1.3%</u>
	Hong Kong			
	Consumer Non-Cyclical	<u>979,612</u>	<u>968,613</u>	<u>1.5%</u>
	China			
	Energy	906,418	915,078	1.5%
	Communications	<u>1,000,575</u>	<u>1,002,610</u>	<u>1.6%</u>
	Total for China	<u>1,906,993</u>	<u>1,917,688</u>	<u>3.1%</u>
	Luxembourg			
	Financial	<u>464,062</u>	<u>431,592</u>	<u>0.7%</u>
	Total for CORPORATE BONDS	<u>46,315,144</u>	<u>45,451,699</u>	<u>72.6%</u>
	MORTGAGE BACKED SECURITIES			
	United States of America	<u>2,260,345</u>	<u>2,213,057</u>	<u>3.6%</u>

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM FIXED INCOME FUND USD (CONTINUED)

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2 (Cont'd)	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	GOVERNMENT BONDS			
	Bermuda	914,714	903,678	1.4%
	Saudi Arabia	<u>665,954</u>	<u>655,384</u>	<u>1.1%</u>
	Total for GOVERNMENT BONDS	<u>1,580,668</u>	<u>1,559,062</u>	<u>2.5%</u>
	MUNICIPAL BONDS			
	United States of America	<u>1,466,283</u>	<u>1,400,269</u>	<u>2.2%</u>
	Total for LEVEL 2 investments	<u>56,347,810</u>	<u>55,201,118</u>	<u>88.2%</u>
	INVESTMENTS IN SECURITIES, AT FAIR VALUE – AT NAV PER SHARE			
	MUTUAL FUNDS			
	Luxembourg	<u>554,108</u>	<u>675,174</u>	<u>1.1%</u>
	Total for investments measured at NAV per share	<u>554,108</u>	<u>675,174</u>	<u>1.1%</u>
	Total Investment in securities	<u>62,944,034</u>	<u>61,668,197</u>	<u>98.6%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM FIXED INCOME FUND EUR

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2	Cost €EUR	Fair Value €EUR	% of Net Assets
	<b>CORPORATE BONDS</b>			
	France			
	Financial			
25,000	BNP Paribas 2.875% 10/24/2022	34,278	34,695	9.2%
25,000	Credit Agricole SA Zero Coupon 10/13/2019	<u>26,937</u>	<u>28,240</u>	<u>7.4%</u>
	Total for Financial	<u>61,215</u>	<u>62,935</u>	<u>16.6%</u>
	United States of America			
	Financial			
50,000	Goldman Sachs Group Inc. 1.375% 7/26/2022	<u>51,281</u>	<u>51,605</u>	<u>13.6%</u>
	Netherlands			
	Consumer Cyclical			
25,000	BMW Finance NV 1% 1/21/2025	25,165	25,478	6.7%
25,000	Volkswagen Intl Fin NV 1.875% 5/15/2017	<u>25,884</u>	<u>25,170</u>	<u>6.6%</u>
	Total for Consumer Cyclical	<u>51,049</u>	<u>50,648</u>	<u>13.3%</u>
	Financial			
50,000	Cooperative Rabobank UA 3.75% 11/9/2020	<u>52,565</u>	<u>56,280</u>	<u>14.8%</u>
	Total for Netherlands	<u>103,614</u>	<u>106,928</u>	<u>28.1%</u>
	Total for CORPORATE BONDS	<u>216,110</u>	<u>221,468</u>	<u>58.3%</u>
	<b>GOVERNMENT BONDS</b>			
	Czech Republic			
50,000	Czech Republic 3.875% 5/24/2022	<u>56,240</u>	<u>59,745</u>	<u>15.8%</u>
	Total for LEVEL 2 investments	<u>272,350</u>	<u>281,213</u>	<u>74.1%</u>
	<b>INVESTMENTS IN SECURITIES, AT FAIR VALUE – AT NAV PER SHARE</b>			
	<b>MUTUAL FUNDS</b>			
	Ireland			
4,292	Pimco GIS - Euro Credit Fund	<u>65,722</u>	<u>66,647</u>	<u>17.6%</u>
	Total for investments measured at NAV per share	<u>65,722</u>	<u>66,647</u>	<u>17.6%</u>
	Total Investment in securities	<u>338,072</u>	<u>347,860</u>	<u>91.7%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM FIXED INCOME FUND GBP

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 2	Cost £ GBP	Fair Value £ GBP	% of Net Assets
	<b>CORPORATE BONDS</b>			
	France			
	Consumer Cyclical	<u>50,524</u>	<u>50,470</u>	<u>2.1%</u>
	United Kingdom			
	Consumer Cyclical	<u>102,363</u>	<u>102,750</u>	<u>4.4%</u>
	Financial			
200,000	Canary Wharf Finance II Plc 5.952% 1/22/2035	246,027	250,460	10.6%
200,000	Society Of Lloyd's 4.75% 10/30/2024	<u>212,223</u>	<u>213,600</u>	<u>9.1%</u>
	Total for Financial	<u>458,250</u>	<u>464,060</u>	<u>19.7%</u>
	Industrial			
200,000	Heathrow Funding Ltd 6.25% 9/10/2018	<u>228,317</u>	<u>216,900</u>	<u>9.2%</u>
	Utilities	<u>110,454</u>	<u>113,220</u>	<u>4.8%</u>
	Total for United Kingdom	<u>899,384</u>	<u>896,930</u>	<u>38.1%</u>
	Netherlands			
	Consumer Cyclical			
150,000	BMW Finance NV 1.75% 11/20/2017	153,154	151,470	6.4%
200,000	Daimler Intl Finance BV 3.5% 6/6/2019	216,837	213,020	9.1%
200,000	Volkswagen Fin Serv NV 2.625% 7/22/2019	<u>209,339</u>	<u>207,000</u>	<u>8.8%</u>
	Total for Consumer Cyclical	<u>579,330</u>	<u>571,490</u>	<u>24.3%</u>
	Australia			
	Financial			
200,000	National Australia Bank floating 6/12/2023	218,140	215,120	9.1%
	Other	<u>103,333</u>	<u>103,140</u>	<u>4.4%</u>
	Total for Financial	<u>321,473</u>	<u>318,260</u>	<u>13.5%</u>
	Sweden			
	Utilities			
200,000	Vattenfall Ab 6.125% 12/16/2019	<u>240,163</u>	<u>229,580</u>	<u>9.7%</u>
	Spain			
	Communications			
200,000	Telefonica Emisiones SAU 5.597% 3/12/2020	<u>225,880</u>	<u>224,880</u>	<u>9.5%</u>
	Total for CORPORATE BONDS	<u>2,316,754</u>	<u>2,291,610</u>	<u>97.2%</u>
	Total Investment in securities	<u>2,316,754</u>	<u>2,291,610</u>	<u>97.2%</u>

*See the accompanying notes to the financial statements*

## LOM FUNDS SAC LTD.

### CONDENSED SCHEDULES OF INVESTMENTS – LOM EQUITY GROWTH FUND

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	<b>COMMON STOCK</b>			
	United States of America			
	Consumer Cyclical	1,860,427	2,213,949	12.0%
	Consumer Non-Cyclical	2,103,842	2,629,418	14.3%
	Energy	629,137	664,193	3.6%
	Financial	1,298,468	1,875,390	10.2%
	Technology	1,055,457	1,181,765	6.4%
	Communications	1,991,030	2,458,118	13.3%
	Industrial	<u>831,673</u>	<u>1,127,243</u>	<u>6.1%</u>
	Total for United States of America	<u>9,770,034</u>	<u>12,150,076</u>	<u>65.9%</u>
	United Kingdom			
	Consumer Non-Cyclical	219,254	217,056	1.2%
	Switzerland			
	Consumer Non-Cyclical	221,812	218,520	1.2%
	Germany			
	Consumer Cyclical	167,935	215,035	1.2%
	Industrial	<u>63,928</u>	<u>73,452</u>	<u>0.4%</u>
	Total for Germany	<u>231,863</u>	<u>288,487</u>	<u>1.6%</u>
	Ireland			
	Technology	<u>302,849</u>	<u>468,520</u>	<u>2.5%</u>
	Total for COMMON STOCK	<u>10,745,812</u>	<u>13,342,659</u>	<u>72.4%</u>
	<b>EXCHANGE TRADED FUNDS</b>			
	United States of America			
23,000	WisdomTree Japan Hedge EQ	1,018,082	1,139,420	6.2%
	Others	<u>3,152,962</u>	<u>3,496,185</u>	<u>18.9%</u>
	Total for EXCHANGE TRADED FUNDS	<u>4,171,044</u>	<u>4,635,605</u>	<u>25.1%</u>
	<b>PREFERRED STOCK</b>			
	United States of America			
	Financial	<u>294,230</u>	<u>305,440</u>	<u>1.6%</u>
	Total Investment in securities	<u>15,211,086</u>	<u>18,283,704</u>	<u>99.1%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## CONDENSED SCHEDULES OF INVESTMENTS – LOM BALANCED FUND

AS OF DECEMBER 31, 2016

Quantity	INVESTMENTS IN SECURITIES, AT FAIR VALUE - LEVEL 1	Cost \$ USD	Fair Value \$ USD	% of Net Assets
	<b>EXCHANGE TRADED FUNDS</b>			
	United States of America			
3,200	Vanguard FTSE Europe	173,646	153,408	5.3%
	Other	<u>225,775</u>	<u>243,077</u>	<u>8.4%</u>
	Total for LEVEL 1 investments	<u>399,421</u>	<u>396,485</u>	<u>13.7%</u>
	<b>INVESTMENTS IN SECURITIES, AT FAIR VALUE – AT NAV PER SHARE</b>			
	<b>MUTUAL FUNDS</b>			
	Bermuda			
135,110	LOM Equity Growth Fund	1,307,926	1,611,912	55.9%
51,604	LOM Stable Income Fund	<u>533,254</u>	<u>546,165</u>	<u>18.9%</u>
	Total for Bermuda	<u>1,841,180</u>	<u>2,158,077</u>	<u>74.8%</u>
	China			
	Other	<u>90,652</u>	<u>142,411</u>	<u>4.9%</u>
	Luxembourg			
	Other	<u>162,233</u>	<u>190,074</u>	<u>6.7%</u>
	Total for investments measured at NAV per share	<u>2,094,065</u>	<u>2,490,562</u>	<u>86.4%</u>
	Total Investment in securities	<u>2,493,486</u>	<u>2,887,047</u>	<u>100.1%</u>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	LOM Money Market Fund \$ USD	LOM Money Market Fund \$ CAD	LOM Money Market Fund £ GBP	LOM Stable Income Fund \$ USD	LOM Emerging Market Fund \$ USD
<b>Investment income</b>					
Interest income	264,557	253,960	11,813	413,640	1,498
Dividends, net of withholding taxes (\$0, C\$0, £0, \$209,946, \$3,786)	-	1,601	-	1,665,543	8,834
<b>Total investment income</b>	<b>264,557</b>	<b>255,561</b>	<b>11,813</b>	<b>2,079,183</b>	<b>10,332</b>
<b>Expenses</b>					
Interest expense	-	-	-	-	-
Management fee	57,052	53,600	1,787	616,977	5,249
Performance fee	-	-	-	-	15,940
Audit fees	5,728	6,077	739	21,117	-
Miscellaneous expenses	26,681	24,984	2,941	104,866	2,454
<b>Total expenses</b>	<b>89,461</b>	<b>84,661</b>	<b>5,467</b>	<b>742,960</b>	<b>23,643</b>
Management fees waived	(2,119)	(1,163)	(237)	-	-
<b>Net expenses</b>	<b>87,342</b>	<b>83,498</b>	<b>5,230</b>	<b>742,960</b>	<b>23,643</b>
<b>Net investment income/(loss)</b>	<b>177,215</b>	<b>172,063</b>	<b>6,583</b>	<b>1,336,223</b>	<b>(13,311)</b>
<b>Realized and change in unrealized gain/(loss) on investments</b>					
Net realized gain/(loss) on investments	(173,220)	(154,663)	(2,003)	(969,074)	4,777
Net change in unrealized appreciation/ (depreciation) on investments	22,452	4,078	(2,366)	1,242,984	(17,343)
<b>Net realized and change in unrealized gain/(loss) on investments</b>	<b>(150,768)</b>	<b>(150,585)</b>	<b>(4,369)</b>	<b>273,910</b>	<b>(12,566)</b>
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>26,447</b>	<b>21,478</b>	<b>2,214</b>	<b>1,610,133</b>	<b>(25,877)</b>

See the accompanying notes to the financial statements

# LOM FUNDS SAC LTD.

## STATEMENTS OF OPERATIONS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

	LOM Fixed Income Fund \$ USD	LOM Fixed Income Fund €EUR	LOM Fixed Income Fund £ GBP	LOM Equity Growth Fund \$ USD	LOM Balanced Fund \$ USD
<b>Investment income</b>					
Interest income	2,014,758	18,100	102,262	-	-
Dividends, net of withholding taxes (\$0, €0, £0, \$102,766, \$1,911)	364,297	-	-	288,957	31,956
<b>Total investment income</b>	<b>2,379,055</b>	<b>18,100</b>	<b>102,262</b>	<b>288,957</b>	<b>31,956</b>
<b>Expenses</b>					
Interest expense	-	526	731	8,713	1,021
Management fees	599,848	-	20,803	363,019	20,076
Performance fee	-	-	-	-	-
Audit fees	27,837	397	1,444	9,887	1,802
Miscellaneous expenses	138,600	1,605	8,548	46,837	15,539
<b>Total expenses</b>	<b>766,285</b>	<b>2,528</b>	<b>31,526</b>	<b>428,456</b>	<b>38,438</b>
Management fees waived	-	-	-	-	-
<b>Net expenses</b>	<b>766,285</b>	<b>2,528</b>	<b>31,526</b>	<b>428,456</b>	<b>38,438</b>
<b>Net investment income/(loss)</b>	<b>1,612,770</b>	<b>15,572</b>	<b>70,736</b>	<b>(139,499)</b>	<b>(6,482)</b>
<b>Realized and change in unrealized gain/(loss) on investments</b>					
Net realized gain/(loss) on investments	(74,235)	(25,791)	2,816	133,859	91,335
Net change in unrealized appreciation/ (depreciation) on investments	22,958	29,420	61,022	684,973	(15,504)
<b>Net realized and change in unrealized gain/(loss) on investments</b>	<b>(51,277)</b>	<b>3,629</b>	<b>63,838</b>	<b>818,832</b>	<b>75,831</b>
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>1,561,493</b>	<b>19,201</b>	<b>134,574</b>	<b>679,333</b>	<b>69,349</b>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	LOM Money Market Fund	LOM Money Market Fund	LOM Money Market Fund	LOM Stable Income Fund	LOM Emerging Market Fund
	\$ USD	\$ CAD	£ GBP	\$ USD	\$ USD
<b>Net increase/(decrease) in net assets resulting from operations</b>					
Net investment income/(loss)	177,215	172,063	6,583	1,336,223	(13,311)
Net realized gain/(loss) on investments	(173,220)	(154,663)	(2,003)	(969,074)	4,777
Net change in unrealized appreciation/ (depreciation) on investments	22,452	4,078	(2,366)	1,242,984	(17,343)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>26,447</b>	<b>21,478</b>	<b>2,214</b>	<b>1,610,133</b>	<b>(25,877)</b>
<b>Capital share transactions</b>					
Issuance of non-restricted, voting Participating Shares	2,126,298	4,218,855	18,082	9,177,656	927,295
Redemption of non-restricted, voting Participating Shares	(2,089,447)	(6,590,244)	(698,212)	(4,913,800)	(137)
Dividends distributed	-	-	-	(1,385,655)	-
<b>Net increase/(decrease) in net assets from capital share transactions</b>	<b>36,851</b>	<b>(2,371,389)</b>	<b>(680,130)</b>	<b>2,878,201</b>	<b>927,158</b>
<b>Net increase/(decrease) in net asset during the year</b>	<b>63,298</b>	<b>(2,349,911)</b>	<b>(677,916)</b>	<b>4,488,334</b>	<b>901,281</b>
<b>Net assets at beginning of year</b>	<b>11,112,487</b>	<b>11,424,746</b>	<b>1,426,328</b>	<b>40,792,832</b>	<b>-</b>
<b>Net assets at end of year</b>	<b>11,175,785</b>	<b>9,074,835</b>	<b>748,412</b>	<b>45,281,166</b>	<b>901,281</b>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>LOM Fixed Income Fund</b>	<b>LOM Fixed Income Fund</b>	<b>LOM Fixed Income Fund</b>	<b>LOM Equity Growth Fund</b>	<b>LOM Balanced Fund</b>
	<b>\$ USD</b>	<b>€EUR</b>	<b>£ GBP</b>	<b>\$ USD</b>	<b>\$ USD</b>
<b>Net increase/(decrease) in net assets resulting from operations</b>					
Net investment income/(loss)	1,612,770	15,572	70,736	(139,499)	(6,482)
Net realized gain/(loss) on investments	(74,235)	(25,791)	2,816	133,859	91,335
Net change in unrealized appreciation/ (depreciation) on investments	22,958	29,420	61,022	684,973	(15,504)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>1,561,493</b>	<b>19,201</b>	<b>134,574</b>	<b>679,333</b>	<b>69,349</b>
<b>Capital share transactions</b>					
Issuance of non-restricted, voting Participating Shares	16,134,594	22,545	515,072	1,819,593	102,691
Redemption of non-restricted, voting Participating Shares	(8,333,537)	(407,497)	(1,057,848)	(2,948,048)	(767,333)
Dividends distributed	-	-	-	-	-
<b>Net increase/(decrease) in net assets from capital share transactions</b>	<b>7,801,057</b>	<b>(384,952)</b>	<b>(542,776)</b>	<b>(1,128,455)</b>	<b>(664,642)</b>
<b>Net increase/(decrease) in net asset during the year</b>	<b>9,362,550</b>	<b>(365,751)</b>	<b>(408,202)</b>	<b>(449,122)</b>	<b>(595,293)</b>
<b>Net assets at beginning of year</b>	<b>53,205,162</b>	<b>744,918</b>	<b>2,764,731</b>	<b>18,895,814</b>	<b>3,479,295</b>
<b>Net assets at end of year</b>	<b>62,567,712</b>	<b>379,167</b>	<b>2,356,529</b>	<b>18,446,692</b>	<b>2,884,002</b>

*See the accompanying notes to the financial statements*

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 1 - NATURE OF THE COMPANY

#### *ORGANIZATION*

LOM Funds SAC Ltd. (the “Company”) was incorporated in Bermuda as a segregated accounts company pursuant to the Companies Act of 1981 (as amended) and registered under the Segregated Accounts Companies Act 2000, as amended, on November 28, 2011, and began operations on January 2, 2012. The names of the segregated accounts each, a “Segregated Account,” collectively (the “Funds”) are as follows:

- LOM Money Market Fund USD
- LOM Money Market Fund CAD
- LOM Money Market Fund GBP
- LOM Stable Income Fund
- LOM Emerging Market Fund USD
- LOM Fixed Income Fund USD
- LOM Fixed Income Fund EUR
- LOM Fixed Income Fund GBP
- LOM Equity Growth Fund
- LOM Balanced Fund

As a segregated accounts company, the Company is permitted to create Segregated Accounts in order to segregate the assets and liabilities that are held within or on behalf of a particular Segregated Account from the assets and liabilities of any other Segregated Account and from the Company’s general assets and liabilities. Segregated Account assets are only available and may only be used to meet liabilities to creditors in respect of a particular Segregated Account and are not available to meet liabilities to creditors in respect of other Segregated Accounts or to general creditors of the Company. As of December 31, 2016, there were ten Segregated Accounts, all of which are within these financial statements.

Capitalized terms herein have been defined in the company’s Information Memorandum, or in a segregated Account’s Class Supplement unless otherwise noted.

Each Segregated Account has its own investment objective and strategy.

The LOM Money Market Fund USD is a money market fund designed to preserve investors’ capital and liquidity while providing, through active management, a return in line with US Dollar short-term money rates.

The LOM Money Market Fund CAD is a money market fund designed to preserve investors’ capital and liquidity while providing, through active management, a return in line with Canadian Dollar short-term money rates.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 1 - NATURE OF THE COMPANY (CONTINUED)

The LOM Money Market Fund GBP is a money market fund designed to preserve investors' capital and liquidity while providing, through active management, a return in line with Pound Sterling short-term money rates.

The investment objective of the LOM Stable Income Fund is to generate premium returns over full market cycles and protect the purchasing power and principal of the LOM Stable Income Fund while providing relatively high levels of monthly current income through the purchase of attractively valued, higher yielding securities.

The investment objective of the LOM Emerging Market Fund is to provide long-term capital appreciation by investing in securities domiciled in and/or deriving the majority of their revenues from emerging market countries as popularly defined. The Fund invests in emerging markets through individual securities, American depository receipts (ADR's) and exchange-traded funds (ETF's).

The investment objective of the LOM Fixed Income Fund USD is to achieve above-average long-term absolute returns while controlling risk through an effective program of diversification when considered prudent and through an asset allocation strategy with an emphasis on fixed income securities with a focus on the United States.

The investment objective of the LOM Fixed Income Fund EUR is to achieve above-average long-term absolute returns while controlling risk through an effective program of diversification when considered prudent and through an asset allocation strategy with an emphasis on fixed income securities with a focus on the European region.

The investment objective of the LOM Fixed Income Fund GBP is to achieve above-average long-term absolute returns while controlling risk through an effective program of diversification when considered prudent and through an asset allocation strategy with an emphasis on fixed income securities with a focus on the UK and European regions.

The investment objective of the LOM Equity Growth Fund is to achieve above-average long-term capital appreciation and dividend income while controlling risk through diversification by company, industry, and region. The LOM Equity Growth Fund invests primarily in the quoted equities of larger capitalisation global companies and in exchange traded funds.

The investment objective of the LOM Balanced Fund is to achieve above-average long-term appreciation of capital while controlling risk by primarily purchasing mutual funds and exchange traded funds, whilst maintaining disciplined and effective money management strategies.

Each Segregated Account is listed on the Bermuda Stock Exchange.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 1 - NATURE OF THE COMPANY (CONTINUED)

LOM Asset Management Limited (“LOMAM” or the “Investment Manager”) (a related party to the Company) acts as the Investment Manager and owns 100% of the Organisational Shares (Note 4). Global Custody and Clearing Limited (the “Custodian”) (a related party to the Company) acts as paying agent and custodian to the Company.

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

The Company is classified as an investment company as defined in Accounting Standards update (“ASU”) 2013-08, Investment Companies (Topic 946): Amendments to the scope, measurement and Disclosure Requirements. The Company applies the guidance set forth in Accounting Standards Codification (“ASC” or “Codification”) Topic 946 Financial Services – Investment Companies (“ASC 946”) in its financial statements and related notes.

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Company in the preparation of its financial statements. The policies are in conformity with United States (“U.S.”) generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Company should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through the date the financial statements were issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

#### *CASH*

Cash consists of interest bearing and non interest bearing accounts held by the Custodian, a related party.

#### *INVESTMENT VALUATION AND REVENUE RECOGNITION*

Investment transactions are accounted for on a trade date basis.

The Company invests in securities traded on a stock exchange or other market which are valued generally at last trade value and where this is not available at the last mid-market price on the relevant exchange or market or, if not available, at bid value prices (see Note 3).

The Company invests in bonds and other fixed income securities that may not trade on national exchanges. These investments are valued at the last quoted bid price and where this is not available at the last trade value, or if not available, at prices determined by an independent third party pricing source (see Note 3).

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INVESTMENT VALUATION AND REVENUE RECOGNITION (CONTINUED)*

The Company invests in other investment companies which consist primarily of mutual funds and exchange traded funds (“ETFs”). Mutual funds are valued at the net asset value or bid prices of the fund, as published or otherwise reported by the respective stock exchange or administrator. The other investment companies in which the Company invests will generally value securities at fair value. Investments in ETFs are stated at the last reported sales price on the day of valuation or at the last quoted bid price, if no sale was reported on the valuation date (see Note 3).

Realized and unrealized gains and losses on investments are calculated using the first-in-first-out method, and are reported in the accompanying statements of operations.

#### *INCOME RECOGNITION*

Interest income is earned on cash balances, fixed income securities and money market securities. Interest income earned on cash balances is recognized when posted. Interest income on fixed income securities is recognized on an accrual basis based on the stated interest rate of the security. Dividend income is recognized on the ex-dividend date and is presented net of withholding taxes, which are withheld by the Custodian’s clearing brokers.

#### *FOREIGN CURRENCY TRANSLATION*

The functional currency for the LOM Money Market Fund CAD is the Canadian Dollar (“CAD”). The functional currency for the LOM Fixed Income Fund EUR is the Euro (“EUR”). The functional currency for the LOM Money Market Fund GBP and LOM Fixed Income Fund GBP is the British Pound (“GBP”). For all other Segregated Accounts, the functional currency is the United States Dollar (“USD”). Investment securities denominated in currencies other than a Segregated Account’s functional currency are translated to the Segregated Account’s functional currency at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in currencies other than Segregated Account’s functional currency are translated to the Segregated Account’s function currency on the respective date of such transactions.

The Company 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 the net change in unrealized appreciation or depreciation on investments.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CONDENSED SCHEDULES OF INVESTMENTS*

The accompanying condensed schedules of investments present the investments by country. The industry classifications included in the condensed schedules of investments represent management's belief as to the most meaningful presentation of the classification of the Company's investments.

#### *RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS*

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). The update contains limited amendments to the guidance in U.S. GAAP on the classification and measurement of financial instruments. The new standard revises and entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018. The Company has reviewed the requirements of ASU 2016-01 and is currently evaluating the impact on the financial statements of the Company.

In May 2015, the FASB issued Accounting Standards Update 2015-07: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2015-07"). The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. Under ASU 2015-07, the Company is permitted to exclude from ASC 820 leveling table and Level 3 rollforward table any investments that are valued at their unadjusted ending NAV. ASU 2015-07 is effective for annual reporting periods ending after December 15, 2016.

### NOTE 3 - FAIR VALUE MEASUREMENTS

The Company follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Company's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Company's investments and are summarized in the following fair value hierarchy:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets. Level 1 non-derivative investments primarily include U.S. treasuries, domestic and international equities, and actively traded mutual funds. Level 1 derivative assets and liabilities include those actively traded on exchanges.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies and commodities. Level 2 non-derivative investments consist primarily of corporate notes and bonds, non-U.S. government debt, mortgage-backed securities, agency securities, certificates of deposit, and commercial paper. Level 2 derivative assets and liabilities primarily include certain over-the-counter option contracts.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models.

Securities for which market quotations are not readily available are fair valued as determined by the Investment Manager. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The use of valuation techniques and the availability of observable inputs can vary from security to security and is affected by a wide variety of factors and other characteristics particular to the transaction. Factors that may be considered when fair valuing a security are: fundamental analytical data relating to the investment in the security; evaluation of the forces that influence the market in which the security is purchased and sold; type of security or asset; financial statements of issuer; special reports prepared by analysts or the Investment Manager; information as to any transactions or offers with respect to the security; and the historical tendency of the security's price to track or respond to general and specific market movements (in terms of indices, sectors, or other market measurements). To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following are the Company's major categories of assets measured at fair value as of December 31, 2016:

Description	Level 1	Level 2	Level 3	Total
<b>LOM Money Market Fund USD:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Corporate Bonds	-	9,496,091	-	9,496,091
Government Bonds	-	1,002,100	-	1,002,100
<b>Total Investment Assets</b>	-	10,498,191	-	10,498,191

Description	Level 1	Level 2	Level 3	Total
<b>LOM Money Market Fund CAD:</b>	\$ CAD	\$ CAD	\$ CAD	\$ CAD
Corporate Bonds	-	8,466,439	-	8,466,439
<b>Total Investment Assets</b>	-	8,466,439	-	8,466,439

Description	Level 1	Level 2	Level 3	Total
<b>LOM Money Market Fund GBP:</b>	£ GBP	£ GBP	£ GBP	£ GBP
Corporate Bonds	-	352,513	-	352,513
<b>Total</b>	-	352,513	-	352,513
Investments in underlying funds*				360,081
<b>Total Investment Assets</b>				712,594

Description	Level 1	Level 2	Level 3	Total
<b>LOM Stable Income Fund:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Common Stock	12,984,120	-	-	12,984,120
Corporate Bonds	-	5,251,846	-	5,251,846
Exchange Traded Funds	3,571,352	-	-	3,571,352
Preferred Stock	19,865,087	-	-	19,865,087
<b>Total Investment Assets</b>	36,420,559	5,251,846	-	41,672,405

Description	Level 1	Level 2	Level 3	Total
<b>LOM Emerging Market Fund:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Common Stock	43,690	-	-	43,690
Exchange Traded Funds	836,494	-	-	836,494
<b>Total Investment Assets</b>	880,184	-	-	880,184

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1	Level 2	Level 3	Total
<b>LOM Fixed Income Fund USD:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Asset Backed Securities	-	4,577,031	-	4,577,031
Corporate Bonds	-	45,451,699	-	45,451,699
Government Bonds	-	1,559,062	-	1,559,062
Municipal Bonds	-	1,400,269	-	1,400,269
Mortgage Backed Securities	-	2,213,057	-	2,213,057
Preferred Stock	5,791,905	-	-	5,791,905
<b>Total</b>	<b>5,791,905</b>	<b>55,201,118</b>	<b>-</b>	<b>60,993,023</b>
Investments in underlying funds*				675,174
<b>Total Investment Assets</b>				<b>61,668,197</b>

Description	Level 1	Level 2	Level 3	Total
<b>LOM Fixed Income Fund EUR:</b>	€EUR	€EUR	€EUR	€EUR
Corporate Bonds	-	221,468	-	221,468
Government Bonds	-	59,745	-	59,745
<b>Total</b>	<b>-</b>	<b>281,213</b>	<b>-</b>	<b>281,213</b>
Investments in underlying funds*				66,647
<b>Total Investment Assets</b>				<b>347,860</b>

Description	Level 1	Level 2	Level 3	Total
<b>LOM Fixed Income Fund GBP:</b>	£ GBP	£ GBP	£ GBP	£ GBP
Corporate Bonds	-	2,291,610	-	2,291,610
<b>Total Investment Assets</b>	<b>-</b>	<b>2,291,610</b>	<b>-</b>	<b>2,291,610</b>

Description	Level 1	Level 2	Level 3	Total
<b>LOM Equity Growth Fund:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Common Stock	13,342,659	-	-	13,342,659
Exchange Traded Funds	4,635,605	-	-	4,635,605
Preferred Stock	305,440	-	-	305,440
<b>Total Investment Assets</b>	<b>18,283,704</b>	<b>-</b>	<b>-</b>	<b>18,283,704</b>

Description	Level 1	Level 2	Level 3	Total
<b>LOM Balanced Fund:</b>	\$ USD	\$ USD	\$ USD	\$ USD
Exchange Traded Funds	396,485	-	-	396,485
<b>Total</b>	<b>396,485</b>	<b>-</b>	<b>-</b>	<b>396,485</b>
Investments in underlying funds*				2,490,562
<b>Total Investment Assets</b>				<b>2,887,047</b>

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

\* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Assets and Liabilities. Please refer to Note 2.

Industry classifications for these securities are detailed in the respective Condensed Schedules of Investments. Transfers into or out of Level 3 are made as of the beginning of the year. There were no transfers into or out of Level 3 during the year ended December 31, 2016.

The Company, in its normal course of investing and trading activities, enters into exchange traded equity option contracts and futures. Changes in fair value are included as realized gains (losses) or net change in unrealized gains (losses) on investments within the statements of operations. Details for the respective Segregated Account are noted below for the year ended December 31, 2016.

#### **LOM Stable Income Fund**

There were \$23,739 of realized losses on 214 option contracts written and the change in unrealized gains/losses on options was \$Nil. There were \$2,922 of realized gains on 10 futures contracts written and the change in unrealized gains/losses on futures contracts was \$Nil.

#### **LOM Fixed Income Fund USD**

There were \$8,617 of realized gains on 200 option contracts written and the change in unrealized gains/losses on options was \$Nil. There were \$109 of realized gains on 16 futures contracts written and the change in unrealized gains/losses on futures contracts was \$Nil.

#### **LOM Equity Growth Fund**

There were \$166,487 of realized gains on 1,590 option contracts written and the change in unrealized gains/losses on options was \$Nil.

#### **LOM Balanced Fund**

There were \$7,647 of realized gains on 20 option contracts written and the change in unrealized gains/losses on options was \$Nil.

#### **LOM Emerging Market Fund**

There were \$2,476 of realized gains on 56 option contracts written and the change in unrealized gains/losses on options was \$Nil.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

#### *VALUATION TECHNIQUES*

#### *EQUITY SECURITIES (COMMON STOCKS, MUTUAL FUNDS, PREFERRED STOCKS AND EXCHANGE TRADED FUNDS (“ETFs”))*

Equity securities traded on a national securities exchange (or reported on a national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Open-end mutual funds are valued at the last published price reported on the major market on which the mutual funds are listed and are classified as Level 1.

#### *GOVERNMENT BONDS (U.S. AND FOREIGN)*

The fair value of government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, cross-currency basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and seniority. Government bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy depending on the inputs used and market activity levels for specific securities, based upon independent pricing from known independent pricing services.

#### *MUNICIPAL BONDS*

The fair value of municipal bonds is estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads and volatility. Municipal bonds are generally categorized in Level 2 of the fair value hierarchy.

#### *CORPORATE BONDS (U.S. AND FOREIGN)*

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where available), bond spreads or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default swap spreads and recovery rates based on collateral values as key inputs. To the extent that these inputs are observable the values of corporate bonds are generally categorized as Level 2.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

#### *GOVERNMENT AGENCY SECURITIES (U.S. AND FOREIGN)*

Government agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. To the extent that these inputs are observable, the values of government agency securities are categorized at Level 2.

#### *MORTGAGE-BACKED SECURITIES*

Mortgage-backed securities are typically fair valued using pricing models based on a security's average life volatility. The models take into account tranche characteristics such as average life of the underlying mortgages, including assumptions regarding pre-payments and default rates, loan to value ratios, ratings, the issuer and tranche type, geographic characteristics, and discount margin for certain floating rate issues. Certain securities are valued principally using dealer quotations. To the extent that these inputs are observable, the values of mortgage-backed securities are categorized at Level 2.

#### *ASSET-BACKED SECURITIES ("ABS")*

Asset-backed securities are interests in pools of loans or other receivables. ABS are created from many types of assets, including auto loans, home equity loans and other receivables. ABS are typically fair valued using estimated expected future cash flows of each security by estimating the expected future cash flows of the underlying collateral and applying those collateral cash flows, together with any credit enhancements such as subordinating interests owned by third parties, to the security. The expected future cash flows of the underlying collateral are determined using the remaining contractual cash flows adjusted for future expected credit losses (including current delinquencies and nonperforming assets, future expected default rates and collateral value by vintage and geographic region) and prepayments.

The expected cash flows of the security are then discounted at the interest rate used to recognize interest income on the security to arrive at a present value amount. Certain securities are valued principally using dealer quotations. To the extent that these inputs are observable, the values of asset-backed securities are categorized at Level 2.

### NOTE 4 - CAPITAL STOCK

The authorised share capital of the Company is \$10,001 divided into 100,000,000 Participating Shares of \$0.0001 par value each and 1,000 Organisational Shares of par value \$0.001 each. The rights attached to each class of shares are summarized below.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 4 - CAPITAL STOCK (CONTINUED)

#### *PARTICIPATING SHARES*

The Directors have the power to issue Participating Shares in separate Classes corresponding to a Segregated Account from time to time up to the limit of the authorised capital. The assets and liabilities of each Class of Participating Shares are maintained and accounted for in its own Segregated Account. A Class Supplement is issued in respect of each such Segregated Account.

The Participating Shares have no voting rights and the holder of a Participating Share is not entitled to receive notice of, attend, nor vote at general meetings of Shareholders (except in connection with the variation of class rights). The Participating Shares of each Class have the right to participate equally in any dividends declared by the Company in respect of the Segregated Account to which such Participating Shares relate and are redeemable. In the event of a winding-up of the Company, each holder of a Participating Share is entitled to return of the paid-up par value and a pro-rata share in surplus assets of the relevant Segregated Account after return of the paid-up par value of the Organisational Shares.

#### *ORGANISATIONAL SHARES*

Organisational Shares may be issued at par value and to such person as the Directors may determine. Organisational Shares do not, while any Participating Shares are in issue, carry any right to participate in dividends declared by the Company and are not redeemable. The holder of an Organisational Share has the right to receive notice of, attend and vote at general meetings of the Company. In the event of a winding-up of the Company, the holder of an Organisational Share is entitled only to the return of its paid-up par value after the paid-up par value of Participating Share has been returned. All of the Organisational Shares have been issued to and fully paid for by the Investment Manager.

#### *SUBSCRIPTIONS*

Participating Shares are available for subscription at the discretion of the Directors on each Subscription Day at the Subscription Price calculated at the close of business on the relevant Valuation Day. The Subscription Day is defined in the relevant Class Supplement. The Subscription Price equals the Net Asset Value per Participating Share as at the Valuation Day on the Subscription Day on which the application is effective (exclusive of any Front End Load). The Participating Shares are issued in registered form. Share certificates are not issued.

#### FRONT END LOAD

A Front End Load of up to 5% on Subscription Price may be deducted from the Subscription. No Front End Load Fees were charged for the year ended December 31, 2016.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 4 - CAPITAL STOCK (CONTINUED)

#### MINIMUM SUBSCRIPTION

The minimum initial subscription that will be accepted, and the minimum amount for any additional subscriptions for Participating Shares from a new investor will be as follows:

<b>Fund</b>	<b>Minimum Initial Subscription</b>	<b>Minimum Additional Subscription</b>
LOM Money Market Fund USD	USD \$10,000	USD \$1
LOM Money Market Fund CAD	CAD \$10,000	CAD \$1
LOM Money Market Fund GBP	GBP £10,000	GBP £1
LOM Stable Income Fund	USD \$10,000	USD \$1
LOM Emerging Market Fund	USD \$10,000	USD \$1
LOM Fixed Income Fund USD	USD \$10,000	USD \$1
LOM Fixed Income Fund EUR	EUR €10,000	EUR €1
LOM Fixed Income Fund GBP	GBP £10,000	GBP £1
LOM Equity Growth Fund	USD \$10,000	USD \$1
LOM Balanced Fund	USD \$10,000	USD \$1

The Directors may determine that the Company accept such lesser amount as they may in any particular case determine.

#### ***REDEMPTIONS***

##### PROCEDURE

Participating Shares may be redeemed at the option of the holder on each Redemption Day. Shareholders wishing to redeem all or part of their holding of Participating Shares should send a completed Redemption Request (available from the Administrator) to the Administrator by fax (with original to follow by mail) to be received not later than the time specified in the relevant Class Supplement on the relevant Redemption Day.

Any delay in receipt of the Redemption Request will result in the request being deferred until the next Redemption Day and, in such cases, the Participating Shares will be redeemed at the Redemption Price prevailing on that Redemption day. The Directors reserve the right in their absolute discretion to waive the foregoing notice period.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 4 - CAPITAL STOCK (CONTINUED)

#### *REDEMPTIONS (CONTINUED)*

A request for the redemption of part of a holding of Participating Shares may be refused, or the holding redeemed in its entirety, if, as a result of such partial redemption, the Net Asset Value of the Participating Shares retained by the holder would be less than the following amounts:

<b>Fund</b>	<b>Holding Limit</b>
LOM Money Market Fund USD	USD \$10,000
LOM Money Market Fund CAD	CAD \$10,000
LOM Money Market Fund GBP	GBP £10,000
LOM Stable Income Fund	USD \$10,000
LOM Emerging Market Fund	USD \$10,000
LOM Fixed Income Fund USD	USD \$10,000
LOM Fixed Income Fund EUR	EUR €10,000
LOM Fixed Income Fund GBP	GBP £10,000
LOM Equity Growth Fund	USD \$10,000
LOM Balanced Fund	USD \$10,000

#### REDEMPTION PRICE

The Redemption Price for each Participating Share is equal to the Net Asset Value per Participating Share of the relevant Class on the relevant Redemption Day.

The Net Asset Value per Participating Share is determined as of the close of business on each Valuation Day in accordance with the provisions set out under the Information Memorandum.

#### PAYMENT OF REDEMPTION PROCEEDS

Redemption proceeds normally will be remitted within a certain number of business days as specified in the relevant Class Supplement, without interest for the period from that date to the payment date. Redemption payments will be made in the currency of the relevant class and will be remitted to the Shareholder by wire transfer (at the expense and risk of the Shareholder) to an account as specified by the Shareholder in his Redemption Request.

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 4 - CAPITAL STOCK (CONTINUED)

#### GATING

In the event that redemption requests on a particular Redemption Day exceed in aggregate twenty per cent (20%) of the total number of Participating Shares of a particular Segregated Account then in issue, the Directors may reduce the requests rateably amongst all Shareholders seeking to redeem Participating Shares of the relevant Class on the relevant Redemption Day and effect only sufficient redemptions which in aggregate equal twenty per cent (20%) of the number of Participating Shares of the particular Class then in issue. Participating Shares which are not thereby redeemed will be redeemed on the next Redemption Day (subject to further deferral if the deferred requests themselves exceed twenty per cent of the number of Participating Shares then in issue) in priority to any later redemption requests that may have been received. All Participating Shares will be redeemed at the Redemption Price prevailing on the Redemption Day on which they are actually redeemed.

Transactions in shares of the Company for the year ended December 31, 2016 were as follows:

	<b>Balance December 31, 2015</b>	<b>Shares Issued</b>	<b>Shares Redeemed</b>	<b>Balance December 31, 2016</b>
<b>Fund:</b>				
LOM Money Market Fund USD	788,519	150,745	(148,092)	791,172
LOM Money Market Fund CAD	819,195	302,101	(471,909)	649,387
LOM Money Market Fund GBP	130,635	1,656	(63,862)	68,429
LOM Stable Income Fund	3,876,612	860,661	(458,490)	4,278,783
LOM Emerging Market Fund	-	86,435	(14)	86,421
LOM Fixed Income Fund USD	3,607,687	1,062,110	(547,008)	4,122,789
LOM Fixed Income Fund EUR	63,752	1,868	(33,879)	31,741
LOM Fixed Income Fund GBP	280,767	49,754	(101,833)	228,688
LOM Equity Growth Fund	1,646,844	160,248	(260,796)	1,546,296
LOM Balanced Fund	346,882	10,523	(76,877)	280,528

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

### NOTE 5 - RELATED PARTY TRANSACTIONS

#### *MANAGEMENT AND PUBLISHING FEES*

The Investment Manager is entitled to receive an annual fee of the Company's net asset value for each class of shares, accrued weekly and payable quarterly.

The management fee rate, publishing fee rate, as well as the related amount charged and paid during the year for each Segregated Account is as follows:

<b>Fund</b>	<b>Annual Management Fee Rate as a Percentage of Net Asset Value per Share</b>	<b>Annual Publishing Fee Rate as a Percentage of Net Asset Value per Share</b>	<b>Amount Charged During Year</b>	<b>Amount Payable at Year-end</b>
LOM Money Market Fund USD	0.50%	0.02%	\$56,358	\$14,562
LOM Money Market Fund CAD	0.50%	0.02%	CAD\$53,763	CAD\$13,032
LOM Money Market Fund GBP	0.15%	0.02%	£1,691	£275
LOM Stable Income Fund	1.50%	0.05%	\$633,433	\$161,935
LOM Emerging Market Fund	1.00%	0.04%	\$5,459	\$2,383
LOM Fixed Income Fund USD	1.00%	0.03%	\$613,444	\$164,725
LOM Fixed Income Fund EUR	0.00%	0.03%	€137	€33
LOM Fixed Income Fund GBP	0.75%	0.03%	£21,421	£4,889
LOM Equity Growth Fund	2.00%	0.05%	\$370,279	\$92,405
LOM Balanced Fund	0.65%	0.04%	\$21,247	\$4,984

Publishing fees are included in miscellaneous expenses on the Statements of Operations. Publishing fees payable are included in accounts payable and accrued liabilities on the Statements of Assets and Liabilities.

#### *CUSTODIAN FEES*

Under the Custody Agreement, the Custodian is entitled to receive a fee of 0.03% per annum of the net asset value of each class of shares for each segregated account, calculated on each valuation day and payable monthly. During 2016, the Custodian charged and was paid by the Company fees totaling as follows:

<b>Fund</b>	<b>Amount Charged During Year</b>	<b>Amount Payable at Year-end</b>
LOM Money Market Fund USD	\$3,423	\$851
LOM Money Market Fund CAD	CAD\$3,216	CAD\$766
LOM Money Market Fund GBP	£358	£66
LOM Stable Income Fund	\$12,340	\$3,155
LOM Emerging Market Fund	\$157	\$69
LOM Fixed Income Fund USD	\$17,995	\$4,798
LOM Fixed Income Fund EUR	€190	€33
LOM Fixed Income Fund GBP	£832	£188
LOM Equity Growth Fund	\$5,445	\$1,359
LOM Balanced Fund	\$885	\$217

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 5 - RELATED PARTY TRANSACTIONS (CONTINUED)

Custodian fees are included in miscellaneous expenses on the Statements of Operations. Custodian fees payable are included in accounts payable and accrued liabilities on the Statements of Assets and Liabilities.

#### *INCENTIVE FEES*

The Investment Manager is entitled to an incentive fee equal to 20% of the increase in the value of the net asset value above the prior quarter's net asset value for the Emerging Market Fund, if the Fund shows positive performance and exceeds the 'high water mark' level. This is accrued quarterly if the criteria is met and paid annually.

### NOTE 6 - ADMINISTRATION FEES

In accordance with the terms of the contract with Apex Fund Services Ltd. (the "Administrator"), the Company is charged administrative fees equal to 0.10% of the combined net asset value of the segregated accounts created under the Company, allocated to each Fund pro-rata based on the net asset value of each Fund in relation to the combined net asset value. During 2016, administration fees amounted to \$166,565.

### NOTE 7 - TAXATION

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Company will be exempted from such taxes until March 31, 2035.

It is the Directors' belief that the Company is not engaged in 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 Company other than the 30% withholding tax on US source equity dividends. Foreign securities held by the Company may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes, if any, are withheld by the Company's clearing brokers based on the tax laws in the applicable foreign jurisdiction.

In addition, the Directors believe that the Company is not subject to income taxes in any other jurisdiction and that there are no uncertain tax positions that would require recognition in the financial statements. As a result, the Company has made no provision for income taxes in the accompanying financial statements.

The Investment Manager's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

# **LOM FUNDS SAC LTD.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2016**

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### **NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company does not buy or hold derivative financial instruments outside of listed options on equity securities, Treasury futures and options on Treasury futures. Some of the other investment companies in which the Company 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 risk to the other investment companies in excess of the amount invested in these instruments. However, the Company's risk is limited to the net asset values of its investments in the other investment companies.

### **NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

### **NOTE 10 - GUARANTEES**

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

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

### NOTE 11 - FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2016 are as follows:

	LOM Money Market Fund USD	LOM Money Market Fund CAD	LOM Money Market Fund GBP	LOM Stable Income Fund USD	LOM Emerging Market Fund USD
	\$USD	\$CAD	£GBP	\$USD	\$ USD
<b>Per Share Operating Performance:</b>					
<b>Net asset value per share - beginning</b>	<u>\$14.09</u>	<u>C\$13.95</u>	<u>£10.92</u>	<u>\$10.52</u>	<u>\$10.00</u>
Net investment income/(loss)*	0.22	0.22	0.06	0.35	(0.26)
Net realized and unrealized gain/(loss) on investments	<u>(0.18)</u>	<u>(0.20)</u>	<u>(0.04)</u>	<u>0.07</u>	<u>0.69</u>
Total income from investment operations	0.04	0.02	0.02	0.42	0.43
Less: Distributions	—	—	—	<u>(0.36)</u>	—
<b>Net Asset Value Per Share - Ending</b>	<u>\$14.13</u>	<u>C\$13.97</u>	<u>£10.94</u>	<u>\$10.58</u>	<u>\$10.43</u>
<b>Total Return before incentive fee</b>	0.23%	0.20%	0.17%	3.96%	6.13%
<b>Total Return after incentive fee</b>	0.23%	0.20%	0.17%	3.96%	4.29%
<b>Ratio to Average Net Assets:</b>					
Total expenses before incentive fee**	0.77%	0.79%	0.44%	1.79%	1.41%
Total expenses after incentive fee**	<u>0.77%</u>	<u>0.79%</u>	<u>0.44%</u>	<u>1.79%</u>	<u>4.33%</u>
Net investment income/(loss)**	<u>1.56%</u>	<u>1.62%</u>	<u>0.55%</u>	<u>3.23%</u>	<u>(2.44)%</u>
	LOM Fixed Income Fund USD	LOM Fixed Income Fund EUR	LOM Fixed Income Fund GBP	LOM Equity Growth Fund USD	LOM Balanced Fund USD
	\$USD	€EUR	£GBP	\$USD	\$ USD
<b>Per Share Operating Performance:</b>					
<b>Net asset value per share - beginning</b>	<u>\$14.75</u>	<u>€11.68</u>	<u>£9.85</u>	<u>\$11.47</u>	<u>\$10.03</u>
Net investment income/(loss)*	0.41	0.29	0.26	(0.09)	(0.02)
Net realized and unrealized gain/(loss) on investments	<u>0.02</u>	<u>(0.02)</u>	<u>0.19</u>	<u>0.55</u>	<u>0.27</u>
Total income from investment operations	0.43	0.27	0.45	0.46	0.25
Less: Distributions	—	—	—	—	—
<b>Net Asset Value Per Share - Ending</b>	<u>\$15.18</u>	<u>\$11.95</u>	<u>£10.30</u>	<u>\$11.93</u>	<u>\$10.28</u>
<b>Total Return</b>	<u>2.90%</u>	<u>2.23%</u>	<u>4.65%</u>	<u>4.01%</u>	<u>2.50%</u>
<b>Ratio to Average Net Assets:</b>					
Total expenses**	<u>1.29%</u>	<u>0.40%</u>	<u>1.15%</u>	<u>2.36%</u>	<u>1.24%</u>
Net investment income/(loss)**	<u>2.72%</u>	<u>2.48%</u>	<u>2.57%</u>	<u>(0.77)%</u>	<u>(0.21)%</u>

# LOM FUNDS SAC LTD.

## NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016

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### NOTE 11 - FINANCIAL HIGHLIGHTS (CONTINUED)

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, 2016. Interest and dividend income from underlying funds, if any, is included in the net realized and unrealized gain on investment in the accompanying statements of operations and is not included in the net investment loss.

\* Net of waived management fees as noted on the Statements of Operations.

\*\* Includes waived management fees of 0.02%, 0.01% and 0.02% for LOM Money Market Fund USD, LOM Money Market Fund CAD and LOM Money Market Fund GBP respectively.

### NOTE 12 - FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

#### *CREDIT AND LIQUIDITY RISK*

The Company is potentially subject to both credit and liquidity risk, principally through its investments in securities. The Company's credit risk is equal to 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 will not be paid in full. Credit risk is risk due to uncertainty in a counterparty's (also called an obligor's or creditor's) ability to meet its obligations.

#### *MARKET RISK*

Market risk arises primarily from uncertainty around the future prices of financial instruments held by the Company and represents the loss the Company might incur through holding such instruments in the face of price movements. The Investment Manager allocates the Company's portfolio of investments with a view to minimizing the risk associated with particular countries and industry sectors.

#### *CURRENCY RISK*

The investments of each Fund are denominated in the related base-currency thus minimizing currency risk. The investments of each Fund are exposed to changes in foreign exchange rates (currency risk) where gains or losses may exceed the related amounts recorded. The fair value may change based on the fluctuations in the exchange rate of these underlying currencies.

**LOM FUNDS SAC LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2016**

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**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent events through until June 23, 2017 have been evaluated by the Investment Manager.

Effective January 1, 2017, the Company signed a contract with Beacon Fund Services (Bermuda) Ltd. to serve as Administrator of the Company.