



# April 2024 in review

## Summit Investment Funds

Summit Investment Funds plc is authorised in Ireland and regulated by the Central Bank of Ireland

Helping people build better futures

# MARKET REVIEW

## MARKET ROUND-UP

### Market Review

Global stock markets gave back some of their 2024 gains in April as the potential for 'higher-for-longer' interest rates dampened sentiment. Sticky US inflation data meant that expectations of rate cuts from the US Federal Reserve (Fed) were pushed out and reduced. However, the European Central Bank (ECB) continued to suggest that monetary easing would likely start in June as inflation continued to move towards its 2% target. Global activity data was somewhat mixed in April, with signs of slower growth in the US and an acceleration in Europe. Bond prices declined amid the lower expectations for rate cuts.

### Equities

Global stock markets gave back some of their 2024 gains in April as the potential for 'higher-for-longer' rates amid sticky inflation dampened sentiment. The MSCI All Country World index fell by 2.7% (-2.3% in euros) over the month.

The MSCI USA declined by 4.1% (-3.2% in euros), while European ex-UK equities were down by 1.5% (-1.8% in euros).

Small cap equities declined by 4.4% (-4.2% in euros), hampered by rising interest rates and expectations of less monetary easing.

Emerging market (EM) equities rallied by 1.4% (1.5% in euros) in April, supported by a rally in Chinese equities (+6.5%) after Q1 GDP data showed signs of improvement and the authorities continued to provide support measures.

### Bonds

Global bonds were hampered by broadly rising yields in April. Bond prices were lower as expectations for rate cuts in 2024 were pared back amid sticky inflation, particularly in the US. The ICE BofA 5+ Year Euro Government bond index returned -2.0% over the month.

European investment grade (IG) corporate bonds returned -0.8% as yields rose by 23 basis points (bps) to 3.98%. Global high yield bonds returned -0.7% as yields increased by 27bps to 7.17%.

## MARKET SNAPSHOT

### Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2023 Return (%)
MSCI Ireland	2.0	20.7	20.6
MSCI United Kingdom	2.9	8.5	10.3
MSCI Europe ex UK	-1.8	6.5	18.5
MSCI North America	-3.1	9.1	22.3
MSCI Japan	-3.9	9.3	16.7
MSCI EM (Emerging Markets)	1.5	6.3	6.5
MSCI AC World	-2.3	8.3	18.6
10-Year Yields	Yield last month (%)	2023 Yield (%)	2022 Yield (%)
US	4.68	3.88	3.87
Germany	2.58	2.02	2.57
UK	4.35	3.54	3.67
Japan	0.88	0.61	0.42
Ireland	2.96	2.38	3.13
Italy	3.91	3.69	4.70
Greece	3.58	3.06	4.62
Portugal	3.21	2.66	3.59
Spain	3.35	2.99	3.66
FX Rates	End last month	2023 Rates	2022 Rates
U.S. Dollar per Euro	1.07	1.10	1.07
British Pounds per Euro	0.85	0.87	0.89
U.S. Dollar per British Pounds	1.25	1.27	1.21
Commodities (USD)	MTD Return (%)	YTD Return (%)	2023 Return (%)
Oil (Brent)	0.4	14.0	-10.3
Gold (Oz)	2.9	11.2	13.1
S&P Goldman Sachs Commodity Index	1.2	11.6	4.3

Source: ILIM, Bloomberg. Data is accurate as at 1 May 2024.

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## MARKET OUTLOOK

### Irish Life Investment Managers' (ILIM's) view – looking ahead

Sovereign bond yields rose through most of 2023 on the back of a slower-than-expected moderation in inflation. However, yields have fallen since the peak in October 2023 as concerns around inflation have abated. Although yields have risen in recent months, both German and US 10-year bond yields remain below their October highs. With inflation having fallen significantly and central banks now suggesting rates will be cut in 2024, bond yields are expected to decline over the next 12 months.

On a 12-month view, our base case is that German and US 10-year government bond yields fall from current levels of 2.58% and 4.68% to 1.75% and 3.75% respectively. We believe fixed income offers a strong risk-reward profile at this stage in the cycle, with the potential to offer protection if the economy slows, and is attractive from an income perspective while also providing potential for capital gains via falling yields. We believe that the risks of materially higher bond yields have reduced and, if the economy falters, major central banks will be able to cut rates to support growth. In that scenario we would expect bonds to outperform to a greater extent.

Global equities were resilient in 2023 as recession fears receded and a peak in central bank policy rates was likely reached. While global earnings fell by 0.6% in 2023, they are expected to grow by 10.9% in 2024 as growth remains firm and margins improve. Global equities valuations are above long-term averages, trading on a 12-month forward price-to-earnings (P/E) multiple of 17.1x against a long-term average of 16.0x. Equities remain expensive against both bonds and cash, given the high yields currently available on these assets.

Despite this, the outlook on a 12-month view is positive. Central banks are likely to pivot towards interest rate cuts in 2024 as inflation falls. An increasing probability of growth remaining firm and a rebound in earnings in 2024 is supportive. Over the medium term, the rollout of artificial intelligence (AI) should boost efficiencies and earnings across the whole market and allow equities to trade at higher valuation levels. The ongoing green-related capex cycle could also boost earnings over the medium term. Any short-term volatility in markets is likely to be offset by the above factors, resulting in positive returns on a 12-month timeframe.



Increasing hopes of growth remaining robust, with the avoidance of a recession, have been supportive of equity markets. A continued fall in inflation, enabling central banks to cut interest rates in 2024, could contribute to additional gains in equity markets.



Global growth surprised positively in 2023 at an estimated 2.7%, led by a resilient US economy. Growth is forecast to decelerate very slightly to 2.6% in 2024 following recent upgrades. In developed market regions, the US economy has been robust while Europe has struggled as higher interest rates have impacted activity levels and demand. Recent stabilisation in European sentiment and activity indicators suggest an improvement in growth in 2024.



After an initial reopening surge in 2023, Chinese growth stalled. The authorities have announced additional stimulus measures to boost growth, and recent data has begun to stabilise.



Equities are above long-term average valuation multiples, but, with positive economic and earnings growth in 2024, can continue to grind higher.



Structural long-term benefits from the AI theme and evidence of earnings being boosted by AI-related initiatives can support higher equity valuation multiples.



Volatility is likely to remain a feature due to uncertainty over the eventual growth outcome, the path of inflation, monetary policy and geopolitical events. Modest short-term draw downs in markets are possible, which could provide opportunities to add to exposures.

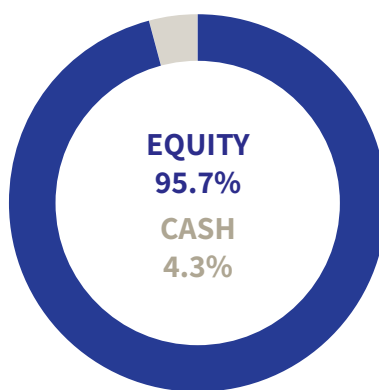
# SUMMIT GROWTH FUND

The Summit Growth Fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.

## Fund update for April

The Summit Growth Fund returned -2.03%, net of fund management fee, over April. Communication Services, Utilities and Consumer Staples were the best performing sectors, while the Materials, Technology and Industrials sectors lagged over the month. The stocks contributing the most to the fund’s return were Alphabet, Tencent Holdings and Playtech. The largest detractors from performance were Microsoft, Oracle and Samsung Electronics.

## Asset allocation

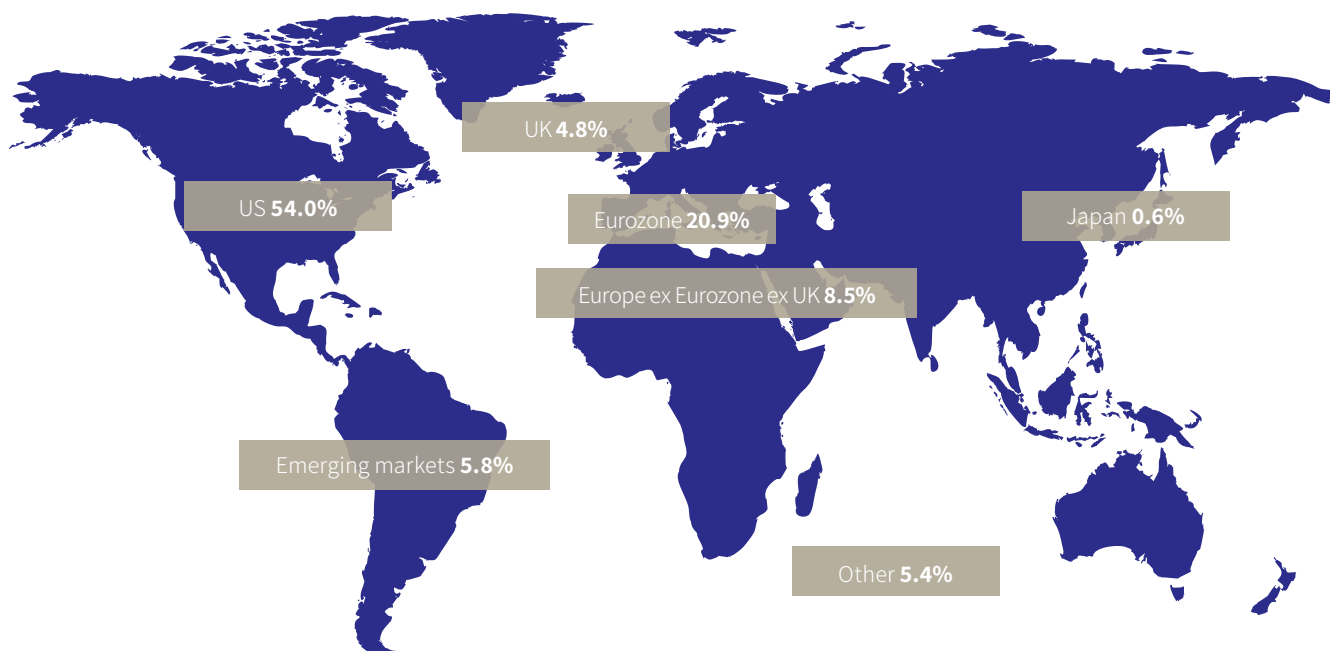


## Top Ten Share Holdings

Stock name	% of fund
Microsoft	4.7
Alphabet	4.2
Berkshire Hathaway	4.1
Oracle	3.5
Booking Holdings	3.2
Costco Wholesale	2.8
Samsung Electronics	2.8
Taiwan Semiconductor	2.2
S&P Global	2.2
Nike	2.1

Source: ILIM, Factset. Data is accurate as at 30 April 2024.

## Share regional distribution



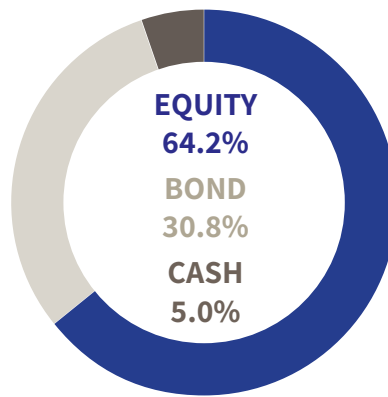
# SUMMIT BALANCED FUND

The objective of the Summit Balanced Fund is to avoid excessive volatility while still providing solid returns over the medium to long term. The Fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.

## Fund update for April

The Summit Balanced Fund returned -1.70%, net of fund management fee, over April. Communication Services, Utilities and Consumer Staples were the best performing sectors, while the Materials, Technology and Industrials sectors lagged over the month. Global activity data was somewhat mixed, with signs of slower growth in the US and an acceleration in Europe. Global stock markets gave back some of their 2024 gains over April as the potential for ‘higher-for-longer’ rates dampened sentiment. Bond prices declined as expectations of rate cuts were pushed back and reduced amid sticky inflation, particularly in the US.

## Asset allocation

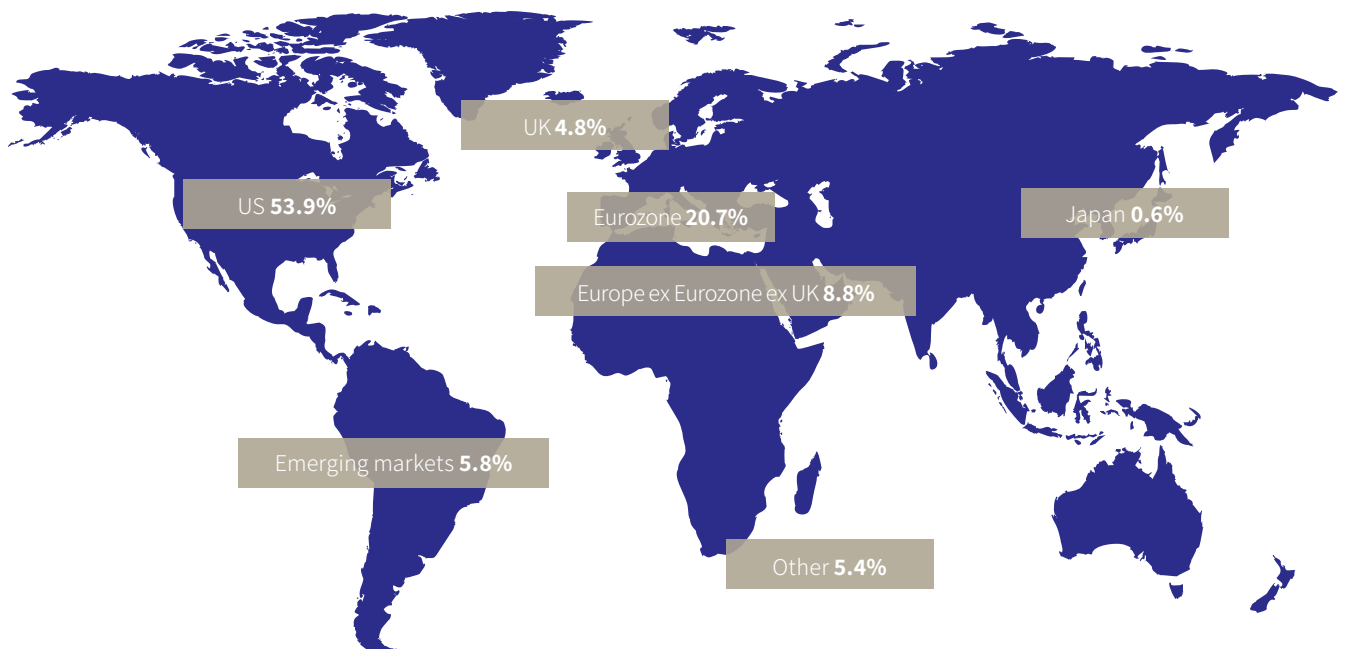


## Top Ten Share Holdings

Stock name	% of fund
Microsoft	4.6
Alphabet	4.1
Berkshire Hathaway	4.1
Oracle	3.5
Booking Holdings	3.1
Costco Wholesale	2.8
Samsung Electronics	2.8
Nike	2.2
Taiwan Semiconductor	2.2
S&P Global	2.1

Source: ILIM, Factset. Data is accurate as at 30 April 2024.

## Share regional distribution



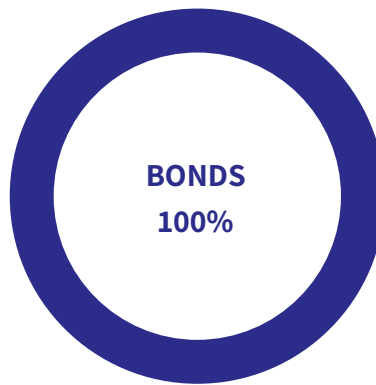
# SUMMIT STABLE FUND

The Stable Fund invests in short-term eurozone government debt and cash.

## Fund update for April

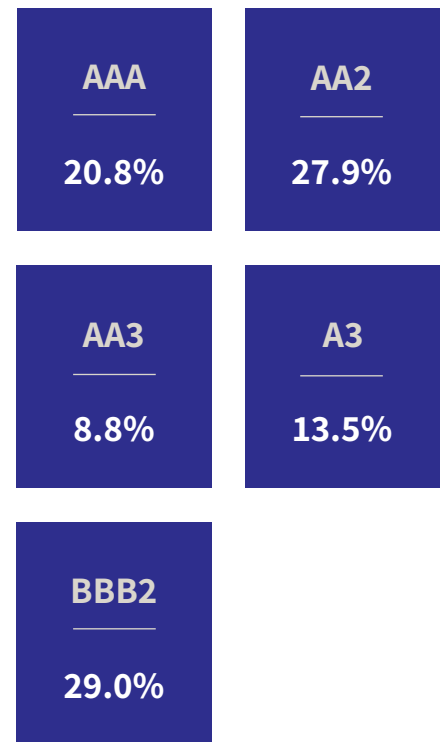
The Summit Stable Fund returned -0.28%, net of fund management fee, over April. Bond yields rose in the month as two-year German bonds yields increased from 2.85% to 3.03%. Core inflation in the Eurozone continued its decline to a rate of 2.7% on a 12-month basis. The ECB governing council meeting kept interest rates unchanged, and the key deposit rate remained at 4%. Markets now expect 0.65 percentage points in interest rate cuts in 2024, beginning during the summer months.

## Asset allocation



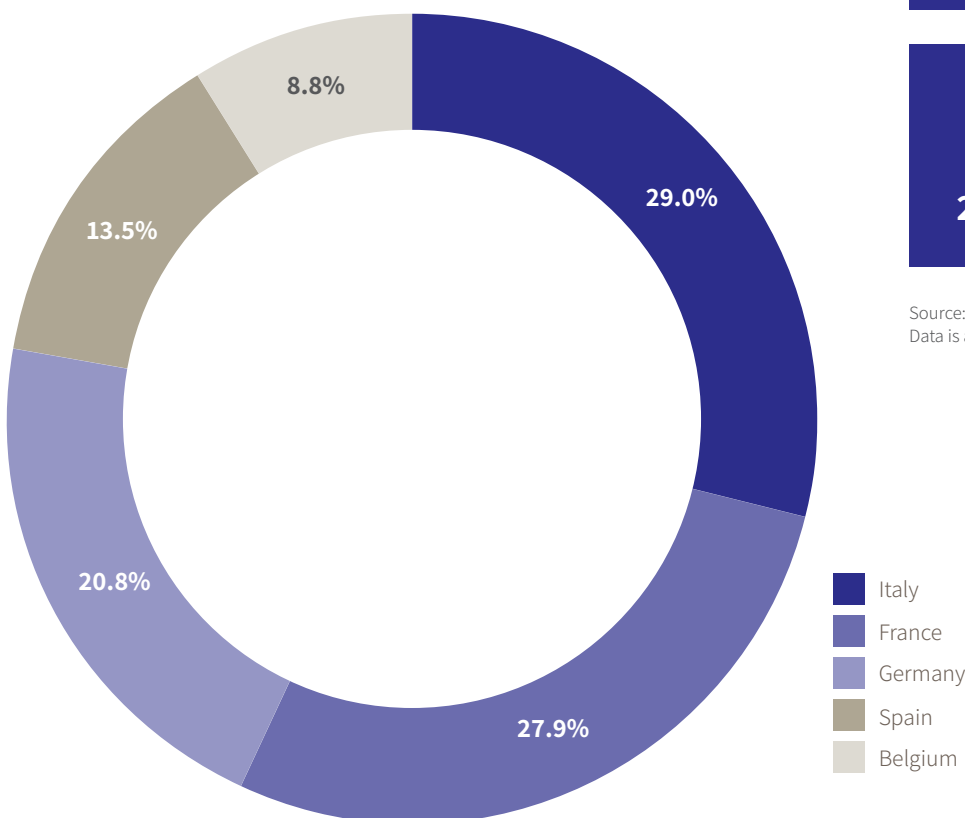
## Bond portfolio credit quality

Rating / percentage of fund



Source: ILIM, Factset.  
Data is accurate as at 30 April 2024.

## Bond country distribution



# SUMMIT FUND PERFORMANCE



## At 30 April 2024

Fund returns after fund management fee	Stable	Balanced	Growth
1 Month	-0.28%	-1.70%	-2.03%
QTD	-0.28%	-1.70%	-2.03%
3 Month	-0.56%	0.80%	2.19%
YTD	-1.01%	1.17%	3.16%
1 Year	0.19%	4.68%	7.50%
2 Years pa	-1.10%	0.90%	3.63%
3 Years pa	-1.62%	1.39%	4.76%
5 Years pa	-1.39%	2.19%	4.76%
10 Years pa	-0.98%	3.82%	5.98%

Source: ILIM Performance Team

Warning: If you invest in these funds you may lose some or all of the money you invest.

Warning: These funds may be affected by changes in currency exchange rates.

Warning: The value of your investment may go down as well as up.

Warning: Past performance is not a reliable guide to future performance.

# ILIM'S CREDENTIALS



Irish Life Investment Managers (ILIM) is recognised internationally for its expertise, innovation and track record:



**European Pensions AWARDS 2019**  
**WINNER**  
Passive Manager of the Year



**G R E S B**  
★★★★★ 2023



**Irish Pensions AWARDS 2019**  
**WINNER**  
Investment Manager of the Year



**Irish Pensions AWARDS 2020**  
**WINNER**  
Investment Manager of the Year



**European Pensions AWARDS 2018**  
**WINNER**  
Passive Manager of the Year



**IPIA**  
Irish Independent  
**PROPERTY INDUSTRY EXCELLENCE AWARDS**  
**2019**  
**PROPERTY INVESTMENT/**



**Irish Pensions AWARDS 2021**  
**WINNER**  
Risk Management Provider of the Year



**Irish Pensions AWARDS 2022**  
**WINNER**  
Investment Manager of the Year



**Irish Pensions AWARDS 2023**  
**WINNER**  
Property Manager of the Year

Summit Investment Funds plc is managed by Summit Asset Managers Limited. The Investment Manager is Irish Life Investment Managers Limited. Summit Asset Managers Limited and Irish Life Investment Managers Limited are both part of the Great-West Lifeco group of companies, global leaders in financial services.



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Figures referenced herein have been sourced from ILIM and Bloomberg. Forecast figures have been prepared by ILIM based on reasonable assumptions, internal data and data sourced from Bloomberg.