

MONTHLY REPORT
31 JANUARY 2021



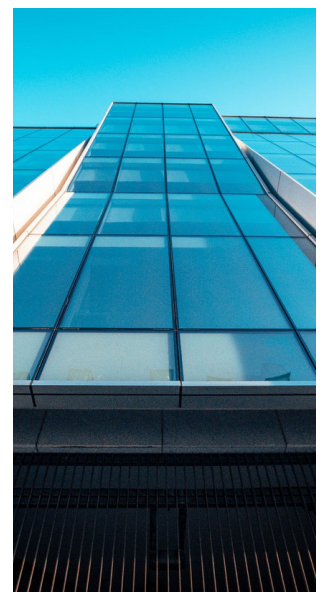
Irish Life

SUMMIT MUTUAL FUNDS



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MARKET REVIEW

Following a late sell-off, global equities were marginally lower in January in local-currency terms, but rose slightly in euro terms. Equities gained for most of the month, supported by hopes of additional US fiscal stimulus and strong fourth-quarter earnings. But markets sold off in the last days of January as a retail-driven squeeze on hedge funds led to some forced selling by these funds and heightened volatility.

EQUITIES

The MSCI AC World equity index fell -0.1% (+0.3% in euro terms). Emerging markets rose 3.8% (3.8% in euro terms), benefiting from their sensitivity to the improving global growth outlook as growth forecasts were revised higher. Pacific Basin equities rose 1.1% (1.4% in euro terms), supported by relatively strong economic news flow across Asia and higher commodity prices, which benefited the Australian market. Europe fell -1.1% (-1.1% in euro terms) as economic data was weak, with growth in the region expected to contract in the first quarter as restrictions were extended across many countries. The US fell -0.9% (-0.2% in euro terms) and was affected by the sell-off related to the squeeze of short positions among hedge funds at month-end.

BONDS

Eurozone >5-year bonds fell -0.8%, with the German 10-year yield rising to -0.52%, pulled higher as fears of rising bond supply on the back of increased fiscal stimulus weighed on US and global yields. Peripheral spreads widened slightly on the back of renewed political tensions in Italy, with Italian 10-year spreads rising to 116 basis points (bps). Meanwhile, Spanish spreads were marginally higher, at 62bps.

CURRENCIES & COMMODITIES

The euro fell slightly against the US dollar to 1.2136 as the European Central Bank (ECB) attempted to 'talk down' the euro after its recent appreciation, and suggested it is monitoring the exchange rate and could adjust policy if necessary. The dollar also benefited from the more 'risk off' environment at month-end. Commodities rose 4.9% (5.7% in euro terms) as global growth forecasts for 2021 were revised higher. West Texas Intermediate (WTI) oil rose 7.6% as Saudi Arabia announced that it would cut oil production by 1 mbl a day through February and March. Meanwhile, demand forecasts were revised higher on the better economic backdrop. Gold fell -2.5%, negatively affected by the stronger US dollar.

CENTRAL BANKS ROUND-UP

The US Federal Reserve indicated that current loose policy is set to stay for some time. Chair Powell said the Fed does not intend to raise interest rates any time soon and suggested that discussions related to scaling back policy support were premature. The ECB emphasised that it wants to maintain favourable financial conditions, and left open the possibility of recalibrating the size of asset purchases in its Pandemic Emergency Purchase Programme (PEPP) if required. The Bank of Japan announced plans to review its current policy tools in coming months with a view to making policy more effective and sustainable. Comments from the Bank of England suggested that while negative interest rates are a tool which should be at its disposal, associated costs for the banking sector could mean that these might not be introduced in the short term.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2019 Return (%)
MSCI Ireland	-2.98	-2.98	5.97
MSCI United Kingdom	0.47	0.47	-17.83
MSCI Europe ex UK	-1.08	-1.08	2.43
MSCI North America	-0.23	-0.23	10.64
MSCI Japan	-0.30	-0.30	5.42
MSCI EM (Emerging Markets)	3.83	3.83	8.89
MSCI AC World	0.28	0.28	7.18

10-Year Yields	Yield Last Month (%)	2019 Yield (%)	2018 Yield (%)
US	1.07	0.91	1.92
Germany	-0.52	-0.57	-0.19
UK	0.33	0.20	0.82
Japan	0.05	0.02	-0.02
Ireland	-0.19	-0.30	0.11
Italy	0.64	0.54	1.41
Greece	0.68	0.63	1.43
Portugal	0.04	0.03	0.43
Spain	0.10	0.05	0.46

FX Rates	Current	2019	2018
US Dollar per Euro	1.21	1.22	1.12
British Pounds per Euro	0.89	0.90	0.85
US Dollar per British Pounds	1.37	1.37	1.33

Commodities (USD)	MTD Return (%)	YTD Return (%)	2019 Rates
Oil (WTI)	7.58	7.58	-20.54
Gold (Oz)	-2.47	-2.47	24.40
S&P Goldman Sachs Commodity Index	4.94	4.94	-23.72

Source: ILIM, Bloomberg. Data is accurate as at 1 February 2021

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MARKET OUTLOOK

IRISH LIFE INVESTMENT MANAGERS' (ILIM'S) VIEW – LOOKING AHEAD

The outlook for equity markets over the next 12 months depends on several factors, including the evolution of Covid 19, the scale of recovery from the 2020 recession and the level of stimulus provided by global authorities.

While equity markets are expensive in absolute terms, they remain very attractive in relative terms, given the low yields available on assets such as bonds and cash. The current low level of bond yields justifies higher-than-average valuations in equities. We believe global equities can trade on a 12-month forward price-to-earnings (PE) multiple of 18.5–19 times at the end of 2021. With the global economy in the initial stages of a new cycle and strong economic and earnings growth forecast over the next two years, upside of at least mid-to-high single digits in global equities is expected over the next 12 months.

Potential risks to the positive outlook include a resurgence in Covid-19 cases and a failure to contain the virus; vaccines proving to be ineffective, which would threaten the improving growth backdrop; fiscal and monetary supports being reduced; or a significant rise in bond yields, which would diminish the relative valuation case for equities. The probability of these occurring is viewed as being low. But volatility could remain a feature in markets if any of these issues become a cause for concern over the course of 2021.



Outlook dependent on economic and earnings growth. Monetary and fiscal policy remain supportive.



Global economy estimated to have contracted in 2020 by -4% due to Covid-19 with a 5% rebound in 2021.



Covid-19, central bank/fiscal stimulus will be key for growth. Vaccine developments supportive of growth.



Equity valuations appear expensive on an absolute basis but remain very attractive in relative terms.



High single to double digit upside is possible on 12-month view as the economic recovery continues into 2021 and policy remains supportive.



Volatility to remain a feature.

SUMMIT GLOBAL LEADERS FUND

Information is correct at 31 January 2021

FUND DESCRIPTION

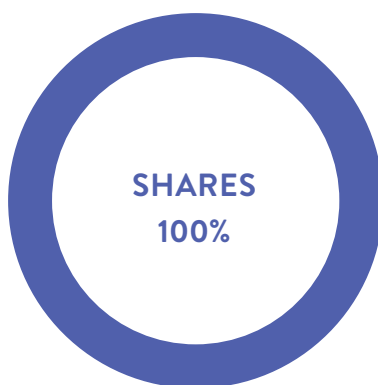
The Summit Global Leaders Fund invests in stocks with large market capitalisations. From July 2014, equity management has been sub-advised to Setanta Asset Management.



FUND UPDATE FOR JANUARY

The Summit Global Leaders Fund fell -0.12% for the month of January. Optimism around Covid-19 vaccine roll-outs was mitigated by concerns surrounding the emergence of new variants and the potential for rising inflation. Tesla and Taiwan Semiconductor were strong performers, while Coca-Cola and Visa were relative laggards. The financials and energy sectors performed well in the month, but the fund is underweight in these two sectors.

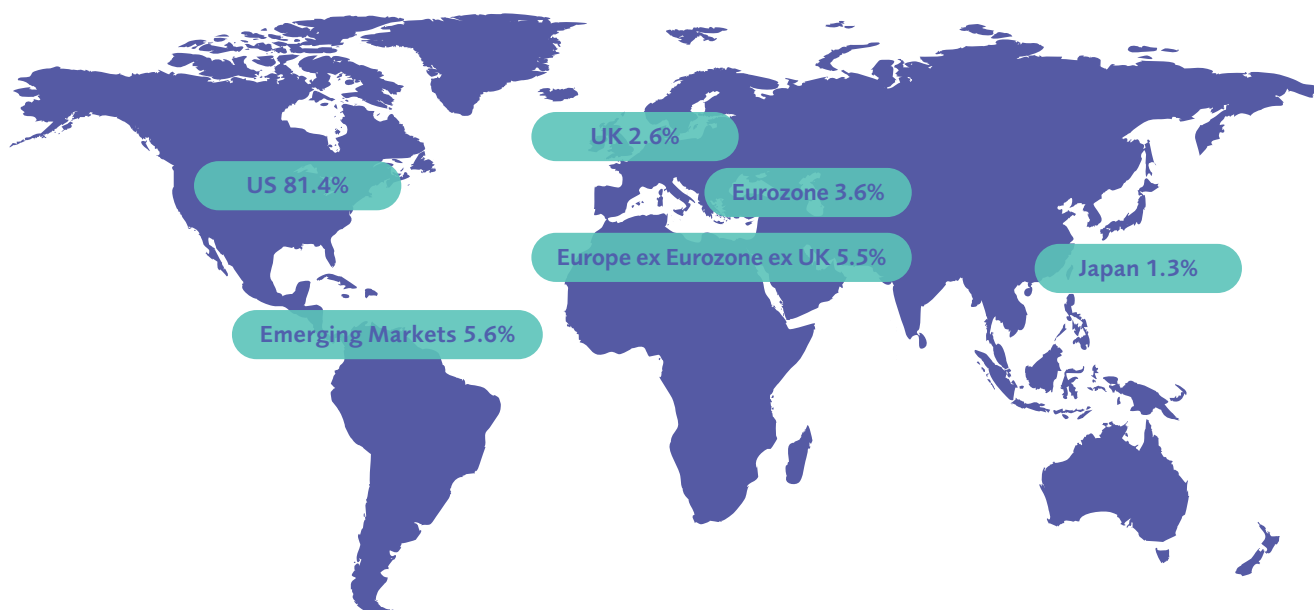
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	8.9%
Apple Inc	8.7%
Amazon.com Inc	8.4%
Alphabet Inc	7.3%
Facebook Inc	4.1%
Tesla Inc	4.1%
Johnson & Johnson	2.9%
Taiwan Semiconductor Manufacturing	2.9%
JP Morgan Chase & Company	2.7%
Samsung Electronics Co Ltd	2.7%

SHARE REGIONAL DISTRIBUTION



SUMMIT GROWTH FUND

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FUND DESCRIPTION

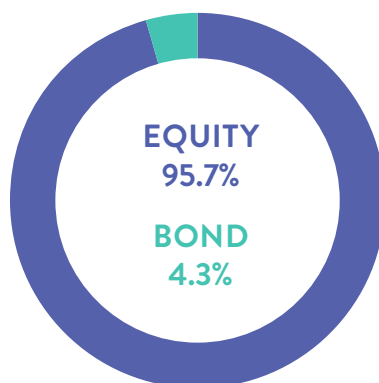
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



FUND UPDATE FOR JANUARY

The Growth Fund gained 0.64% in January. From a sector perspective, technology contributed the most to performance. The stocks contributing most to the fund return were Playtech Plc, Taiwan Semiconductor, Microsoft Corp and Ericsson. The stocks that detracted most were Booking Holdings and Oracle Corp.

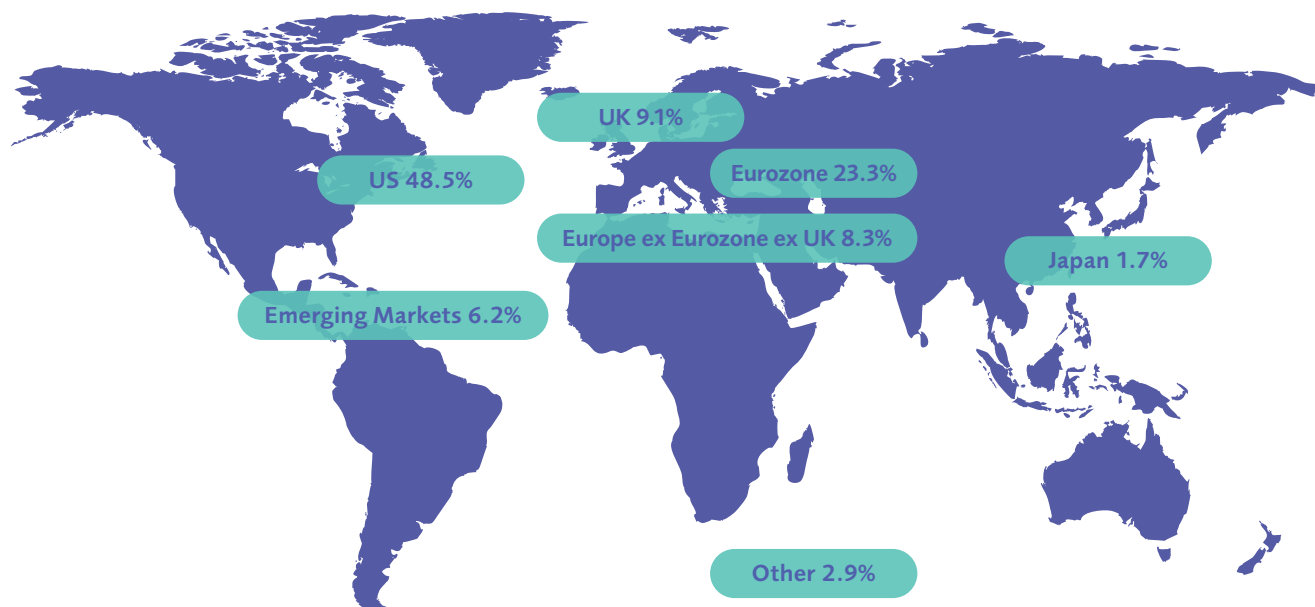
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.4%
Samsung Electronics Co Ltd	2.7%
Berkshire Hathaway Inc	2.7%
McDonald's Corp	2.6%
Telefonaktiebolaget LM Ericsson	2.5%
Alphabet Inc	2.5%
Johnson & Johnson	2.4%
Nike Inc	2.2%
Oracle Group	2.2%
DCC plc	2.2%

SHARE REGIONAL DISTRIBUTION



SUMMIT BALANCED FUND

Information is correct at 31 January 2021

FUND DESCRIPTION

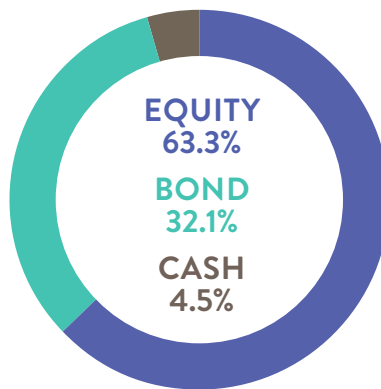
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has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



FUND UPDATE FOR JANUARY

The Summit Balanced Funds rose 0.21% during January. The technology sector contributed most to performance. Eurozone sovereign and US bonds fell on the back of concerns over an increased issuance of bonds and increased inflation expectations, which pulled global bond yields higher. Peripheral bond spreads also rose following the collapse of the Italian government.

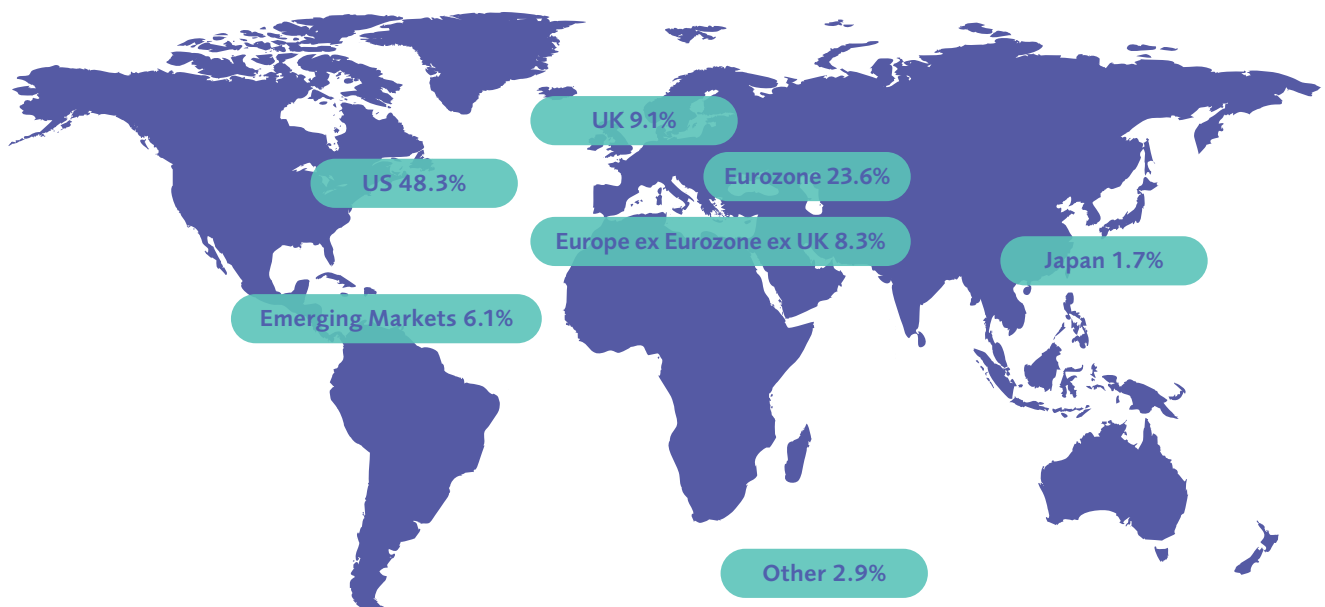
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.3%
Samsung Electronics Co Ltd	2.7%
Berkshire Hathaway Inc	2.6%
McDonald's Corp	2.5%
Telefonaktiebolaget LM Ericsson	2.5%
Alphabet Inc	2.4%
Johnson & Johnson	2.4%
DCC plc	2.4%
Nike Inc	2.2%
Johnson Controls International	2.2%

SHARE REGIONAL DISTRIBUTION



SUMMIT FUND PERFORMANCE AT 31/01/2021

Fund Returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	0.21%	0.64%	-0.12%
3 Month	8.31%	13.64%	9.47%
Year to date in 2020	0.21%	0.64%	-0.12%
1 Year	-1.88%	-2.74%	8.60%
2 Years pa	3.12%	3.68%	17.51%
3 Years pa	2.35%	2.57%	13.11%
5 Years pa	4.59%	6.60%	12.65%
10 years pa	4.78%	6.03%	9.36%

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) are recognised internationally for their expertise, innovation and track record:



Summit Mutual 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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