



July 2024 in review

Summit Mutual Funds

Summit Mutual 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 rallied in July as some weakness in the technology sector was more than offset by softer inflation data in the US, which supported the case for interest rate cuts and bolstered equity-market sentiment. Government bond prices were higher as investors priced in further rate cuts in 2024. Global economic data was mixed, with some signs of slowing in the US, while Eurozone output showed improving trends. Inflation slowed in the US, leaving the potential for the Federal Reserve (Fed) to cut rates in the coming months, and Fed Chair Powell indicated as much at the central bank’s July policy meeting. Meanwhile, political risk remained in focus in Europe, with elections in the UK and France. In the US, politics took a dramatic turn as there was an assassination attempt on Donald Trump, and President Joe Biden withdrew from the presidential race.

Equities

The MSCI All Country World index rose by 1.2% (0.7% in euros) over the month, with the MSCI USA rising by 1.3% (0.3% in euros) and European ex-UK equities up by 0.6% (in local and euro terms).

Q2 corporate earnings from Google and Tesla were disappointing and this weighed on technology stocks in mid-July. The day after these results were announced, US indices were sharply lower, with the S&P 500 posting its worst daily loss (-2.3%) since December 2022. However, subsequent softer US inflation data and expectations for a rate cut from the Fed in September supported a rebound in technology stocks and the broader equity market into month-end.

Bonds

Eurozone government bond prices were higher in July as investors priced in further interest rate cuts in 2024. The ICE BofA 5+ Year Euro Government bond index returned 3.0% amid falling yields, with the 10-year German bund yield down by 20 basis points (bps) to 2.30%. The equivalent US Treasury bond yield fell by 37bps to 4.03% over the month.

Corporate bonds were supported by falling yields. European investment grade corporate bonds returned 1.7% as yields fell by 31bps to 3.56%. Global high yield bonds returned 1.8% as yields declined by 31bps to 6.62%.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2023 Return (%)
MSCI Ireland	9.4	30.1	20.6
MSCI United Kingdom	3.2	13.7	10.3
MSCI Europe ex UK	0.6	10.1	18.5
MSCI North America	0.4	18.3	22.3
MSCI Japan	4.8	15.0	16.7
MSCI EM (Emerging Markets)	-0.6	10.3	6.5
MSCI AC World	0.7	15.8	18.6
10-Year Yields	Yield last month (%)	2023 Yield (%)	2022 Yield (%)
US	4.03	3.88	3.87
Germany	2.30	2.02	2.57
UK	3.97	3.54	3.67
Japan	1.06	0.61	0.42
Ireland	2.70	2.38	3.13
Italy	3.65	3.69	4.70
Greece	3.32	3.06	4.62
Portugal	2.93	2.66	3.59
Spain	3.12	2.99	3.66
FX Rates	End last month	2023 Rates	2022 Rates
U.S. Dollar per Euro	1.08	1.10	1.07
British Pounds per Euro	0.84	0.87	0.89
U.S. Dollar per British Pounds	1.28	1.27	1.21
Commodities (USD)	MTD Return (%)	YTD Return (%)	2023 Return (%)
Oil (Brent)	-6.6	4.8	-10.3
Gold (Oz)	4.3	17.6	13.1
S&P Goldman Sachs Commodity Index	-3.5	7.2	4.3

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

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MARKET OUTLOOK

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

With inflation having fallen significantly and central banks now suggesting rates will be cut further 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 2.30% and 4.03% 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 valuations are above long-term averages, trading on a 12-month forward price-to-earnings (P/E) multiple of 17.5x 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 equities appearing expensive on a relative valuation basis, however, the outlook on a 12-month view is positive. Central banks are likely to pivot towards looser policy in 2024 as inflation falls. An increasing probability of growth remaining firm, with a recession being avoided, contributing to 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 time frame.



Increasing hopes of growth remaining firm, with a recession being avoided, 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 2.8%, led by a resilient US economy. Growth is forecast to decelerate slightly to 2.6% in 2024. The US economy has been robust despite some recent moderation in growth, 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, resulting in a stabilisation in the economy.



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, inflation path, monetary policy and geopolitical events. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposures.

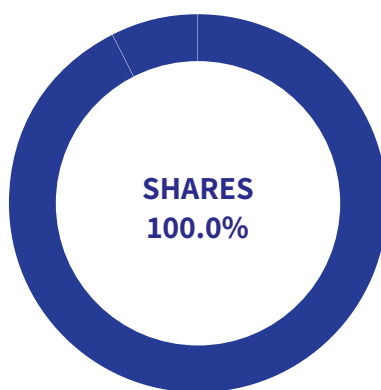
SUMMIT GLOBAL LEADERS FUND

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 July

The Summit Global Leaders Fund returned -1.78%, net of fund management fee, over July. Leading performers included Tesla (+17.3% in USD) and Roche (+14.6% in CHF). The former was driven by better-than-expected sales volumes for the second quarter. Roche shares were up following positive trial data for an anti-obesity drug in its pipeline. ASML (-11.6% in EUR) and Eli Lilly (-11.2% in USD) were among the laggards. ASML's weakness related to concerns that the US may consider tougher restrictions on what semiconductor equipment can be sold to China. Eli Lilly fell due to the potential for increased competition for its lucrative anti-obesity franchise, following the positive trial data from Roche.

Asset allocation

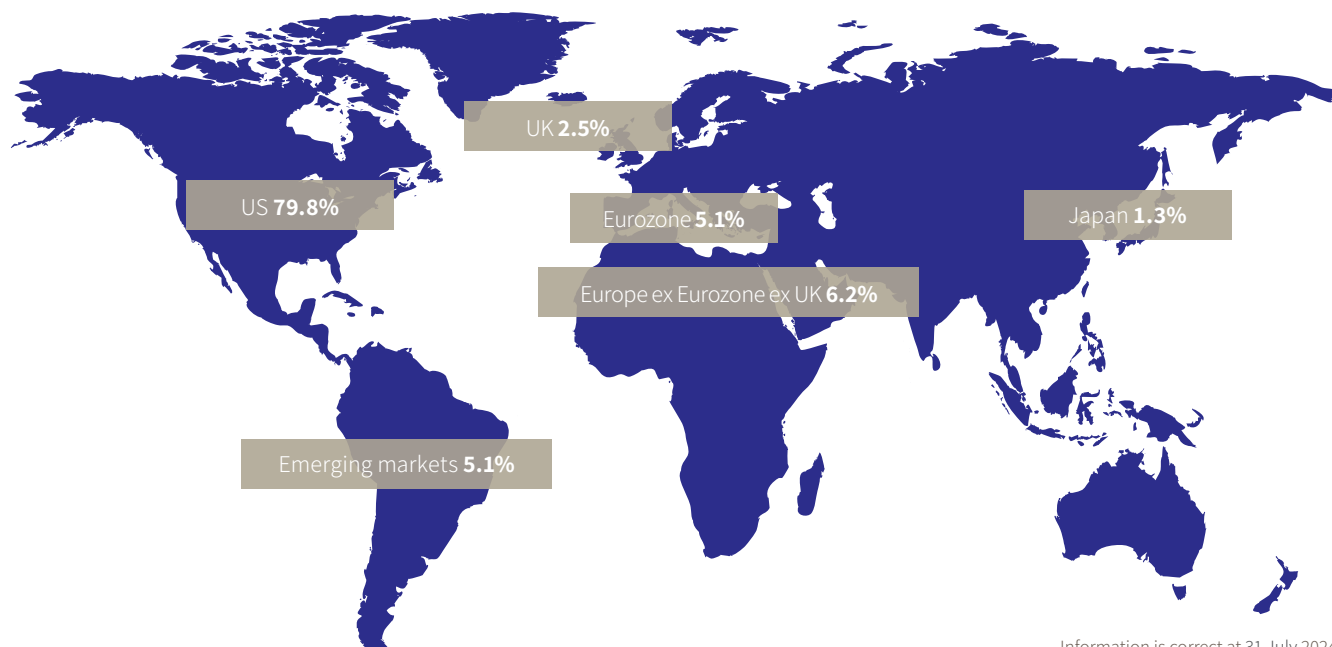


Top Ten Share Holdings

Stock name	% of fund
Apple	8.4
Alphabet	7.9
Nvidia	7.5
Amazon.com	7.4
Microsoft	7.2
Meta Platforms	4.1
Taiwan Semiconductor	3.5
Broadcom	3.1
Eli Lilly	2.9
Tesla	2.7

Source: ILIM, Factset. Data is accurate as at 31 July 2024.

Share regional distribution



Information is correct at 31 July 2024.

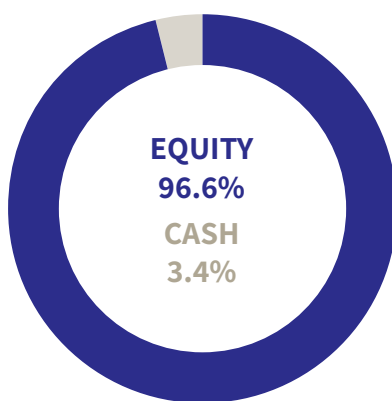
SUMMIT GROWTH FUND

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 July

The Summit Growth Fund returned 2.20%, net of fund management fee, over July. Materials, Utilities and Healthcare were the best performing sectors, while the Communication Services, Technology and Consumer Discretionary sectors lagged. The stocks contributing the most to the fund's return were Berkshire Hathaway, Playtech and CRH. The largest detractors from performance were Microsoft, Alphabet and Booking Holdings.

Asset allocation

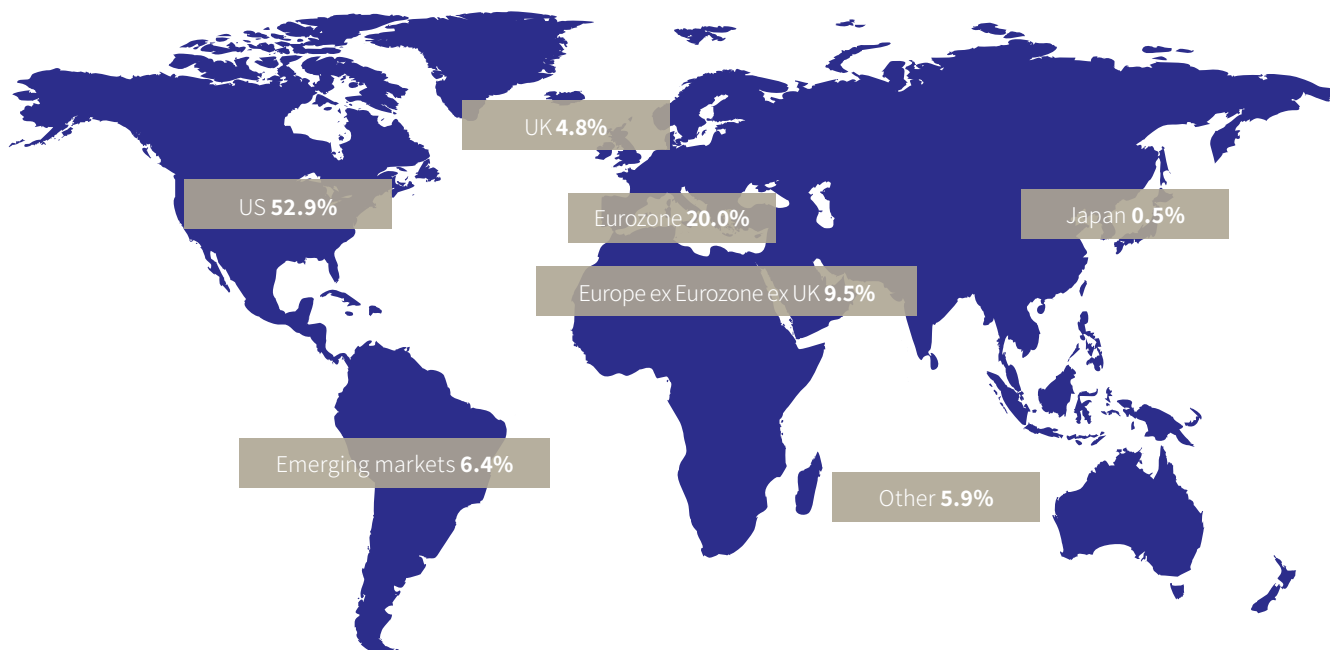


Top Ten Share Holdings

Stock name	% of fund
Microsoft	4.4
Berkshire Hathaway	4.3
Alphabet	4.2
Oracle	4.0
Booking Holdings	3.2
Samsung Electronics	2.9
Taiwan Semiconductor	2.8
S&P Global	2.7
Costco Wholesale	2.7
UnitedHealth	2.1

Source: ILIM, Factset. Data is accurate as at 31 July 2024.

Share regional distribution



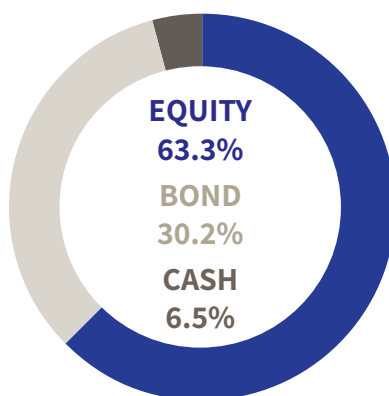
SUMMIT BALANCED FUND

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 July

The Summit Balanced Fund returned 2.12%, net of fund management fee, over July. Materials, Utilities and Healthcare were the best performing sectors, while the Communication Services, Technology and Consumer Discretionary sectors lagged. Global economic data was mixed, with some signs of slowing in the US while Eurozone output showed improving trends. Inflation slowed in the US, leaving the potential for the Fed to cut rates in the coming months. Meanwhile, political risk remained in focus in Europe, with elections in the UK and France. In the US, politics took a dramatic turn as there was an assassination attempt on Donald Trump, and President Joe Biden also withdrew from the presidential race. Global stock markets rallied in July as some weakness in the Technology sector was more than offset by softer inflation data in the US, which supported the case for rate cuts and bolstered equity-market sentiment. Government bond prices were higher in July as investors priced in further rate cuts in 2024.

Asset allocation

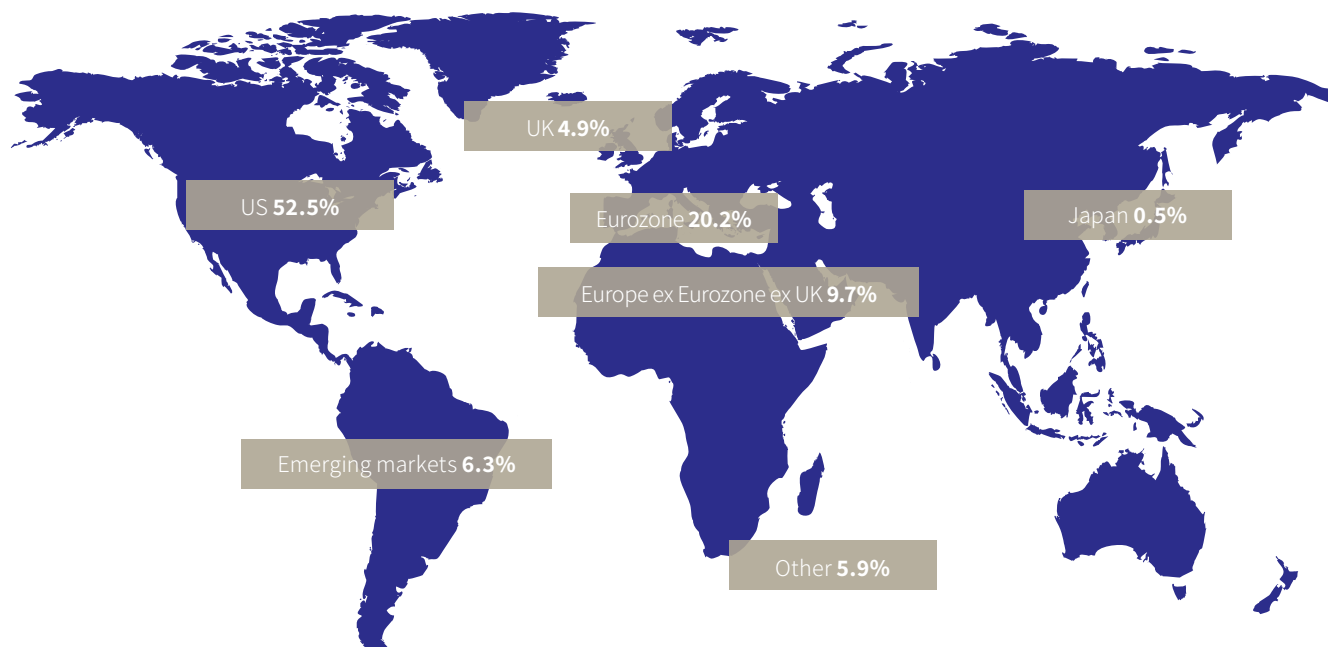


Top Ten Share Holdings

Stock name	% of fund
Berkshire Hathaway	4.4
Microsoft	4.2
Alphabet	4.0
Oracle	3.9
Booking Holdings	3.2
Samsung Electronics	2.9
S&P Global	2.7
Costco Wholesale	2.7
Taiwan Semiconductor	2.5
CRH	2.1

Source: ILIM, Factset. Data is accurate as at 31 July 2024.

Share regional distribution



Information is correct at 31 July 2024.

SUMMIT FUND PERFORMANCE



At 31 July 2024

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	2.12%	2.20%	-1.78%
QTD	2.12%	2.20%	-1.78%
3 Month	4.14%	5.49%	9.44%
YTD	5.79%	9.96%	24.51%
1 Year	7.70%	10.74%	28.55%
2 Years pa	2.40%	6.53%	17.06%
3 Years pa	1.82%	6.59%	12.58%
5 Years pa	3.14%	7.26%	15.08%
10 Years pa	4.98%	8.28%	13.65%

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:



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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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.