



June 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 further in June to new all-time highs, supported by tech stocks and softer US inflation data. However, European stocks were weighed down by political risk as French President Macron unexpectedly called a snap general election. Global economic data was mixed in June, with US data showing further signs of moderating activity. Inflation slowed in the US, leaving the potential for the Federal Reserve (Fed) to cut rates in the coming months. Meanwhile, the European Central Bank (ECB) cut interest rates for the first time since 2019. Government bond prices were lower as central banks pared back expectations around interest rate cuts in 2024.

Equities

Global stock markets rallied to new all-time highs, again aided by strength in the technology sector, especially companies related to artificial intelligence (AI) like Nvidia. Somewhat softer inflation and activity data in the US also supported the case for interest rate cuts and bolstered equity-market sentiment. The MSCI All Country World index rose by 2.6% (3.6% in euros) over the month, with the MSCI USA rallying by 3.6% (4.9% in euros). However, European ex-UK equities fell by 1.5% (1.1% in euros) as political risk around the French elections weighed on sentiment, with French stocks declining by 6.3%.

Nvidia's share price rose 12.7% in June, and the company temporarily became the largest publicly listed company in the world, moving above Microsoft and Apple. The company is the poster child of AI and, for now at least, this reflects a changing in the guard of stock market drivers. Indeed, the 149% year-to-date rise in the share price of Nvidia, despite only having a weight of around 6% in the S&P 500, has driven almost a third of the 15.3% gain for the index over the period.

Bonds

Eurozone government bond prices were lower in June as investors pared back expectations of further rate cuts in 2024. The ICE BofA 5+ Year Euro Government bond index returned 0.1% over the month as the income stream more than offset capital losses from rising yields.

In France, government bond yields spiked amid the potential for increased spending and uncertainty under a far-right National Rally government. The 10-year yield rose to as high as 3.35%, the highest level since November, and the spread over equivalent German bunds widened to 80 basis points (bps), above the extremes reached during Covid and in 2022.

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

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MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2023 Return (%)
MSCI Ireland	0.4	18.9	20.6
MSCI United Kingdom	4.5	10.2	10.3
MSCI Europe ex UK	0.9	9.5	18.5
MSCI North America	4.6	17.8	22.3
MSCI Japan	-3.5	9.7	16.7
MSCI EM (Emerging Markets)	5.9	11.0	6.5
MSCI AC World	3.8	15.0	18.6

10-Year Yields	Yield last month (%)	2023 Yield (%)	2022 Yield (%)
US	4.40	3.88	3.87
Germany	2.50	2.02	2.57
UK	4.17	3.54	3.67
Japan	1.06	0.61	0.42
Ireland	2.95	2.38	3.13
Italy	4.07	3.69	4.70
Greece	3.75	3.06	4.62
Portugal	3.25	2.66	3.59
Spain	3.42	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	1.26	1.27	1.21

Commodities (USD)	QTD Return (%)	YTD Return (%)	2023 Return (%)
Oil (Brent)	-1.2	12.2	-10.3
Gold (Oz)	4.3	12.8	13.1
S&P Goldman Sachs Commodity Index	0.7	11.1	4.3

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 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 2.50% and 4.40% 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 have been resilient in 2024 as recession fears have receded and a peak in central bank policy rates has likely been reached. While global earnings fell by 0.1% in 2023, they are expected to grow by 11.4% 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 17.8x 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 looser policy in 2024 as inflation falls. An increasing probability of growth remaining firm with a recession being avoided and a rebound in earnings in 2024 are supportive. Over the medium term, the rollout of 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 global equity 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. In developed markets, 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, with higher multiples supported by the AI theme.



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 drawdowns in markets are possible, which could provide opportunities to add to exposures.

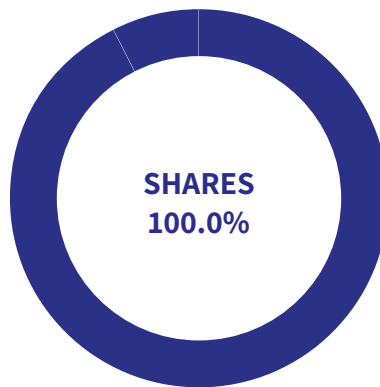
SUMMIT GLOBAL LEADERS FUND

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 June

The Summit Global Leaders fund returned +7.50%, net of fund management fee, over June. Leading performers included Adobe (+24.9% in US\$) and Broadcom (+21.2% in US\$). The former was driven by better-than-expected quarterly results and a full-year guidance raise, which eased investor fears about increased competition and vulnerability to a weaker economy. Chipmaker Broadcom continues to benefit from growth in demand related to AI applications and a bigger role for high-speed networking in data centres. Nestle (-4.0% in CHF) and PepsiCo (-3.9% in US\$) were among the laggards. Nestle's weakness related to concerns about its ability to generate stronger sales growth than peers as it loses market share in categories outside of pet food and coffee. PepsiCo shares have lagged on weakening beverage and snacking demand trends in the US.

Asset allocation

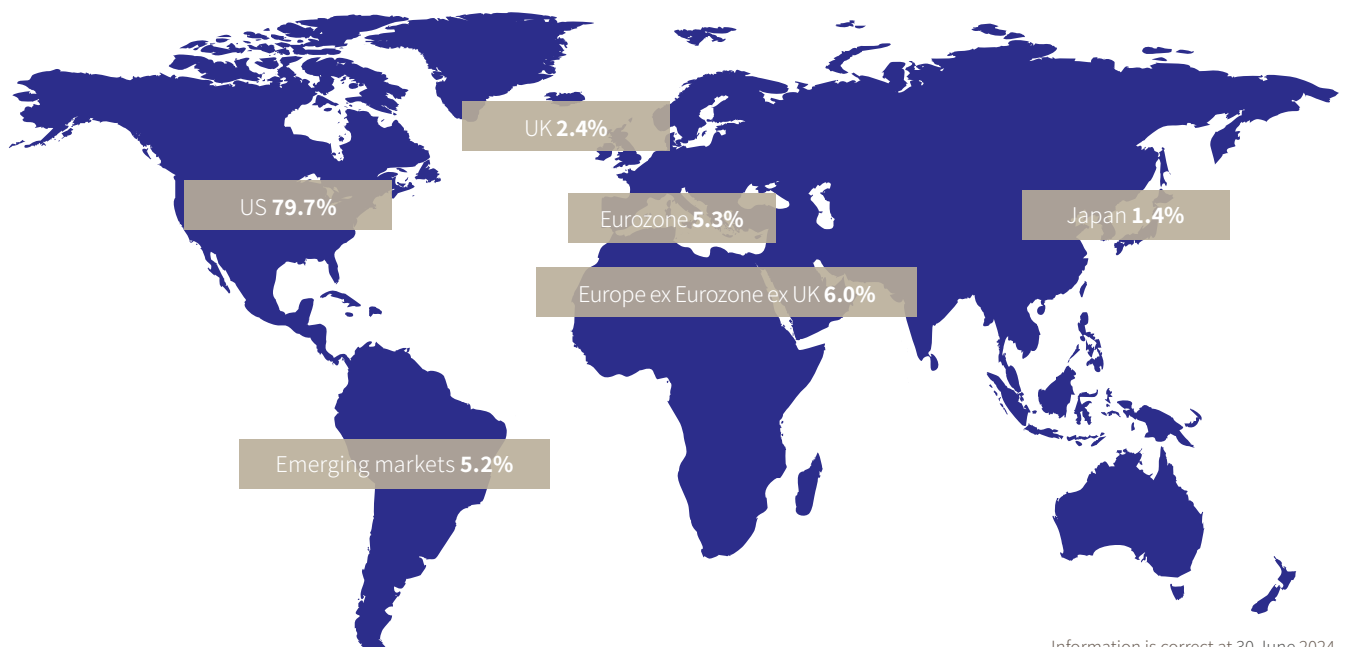


Top Ten Share Holdings

Stock name	% of fund
Alphabet	8.3
Apple	7.9
Nvidia	7.9
Microsoft	7.6
Amazon.com	7.6
Meta Platforms	4.3
Taiwan Semiconductor	3.6
Eli Lilly	3.2
Broadcom	3.1
JP Morgan Chase	2.6

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

Share regional distribution



Information is correct at 30 June 2024.

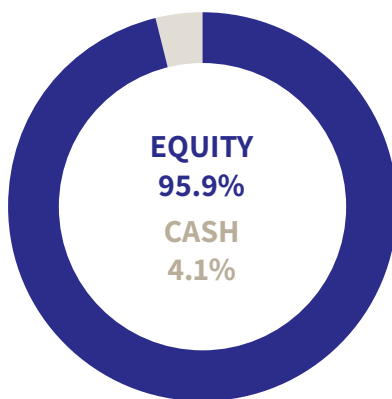
SUMMIT GROWTH FUND

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 June

The Summit Growth Fund returned +1.48%, net of fund management fee, over June. Technology, Consumer Discretionary and Healthcare were the best performing sectors, while the Industrials, Consumer Staples and Infrastructure sectors lagged over the month. The stocks contributing the most to the fund's return were Oracle, Microsoft and Taiwan Semiconductor. The largest detractors from performance were Nike, Nextera Energy and Melrose Industries.

Asset allocation

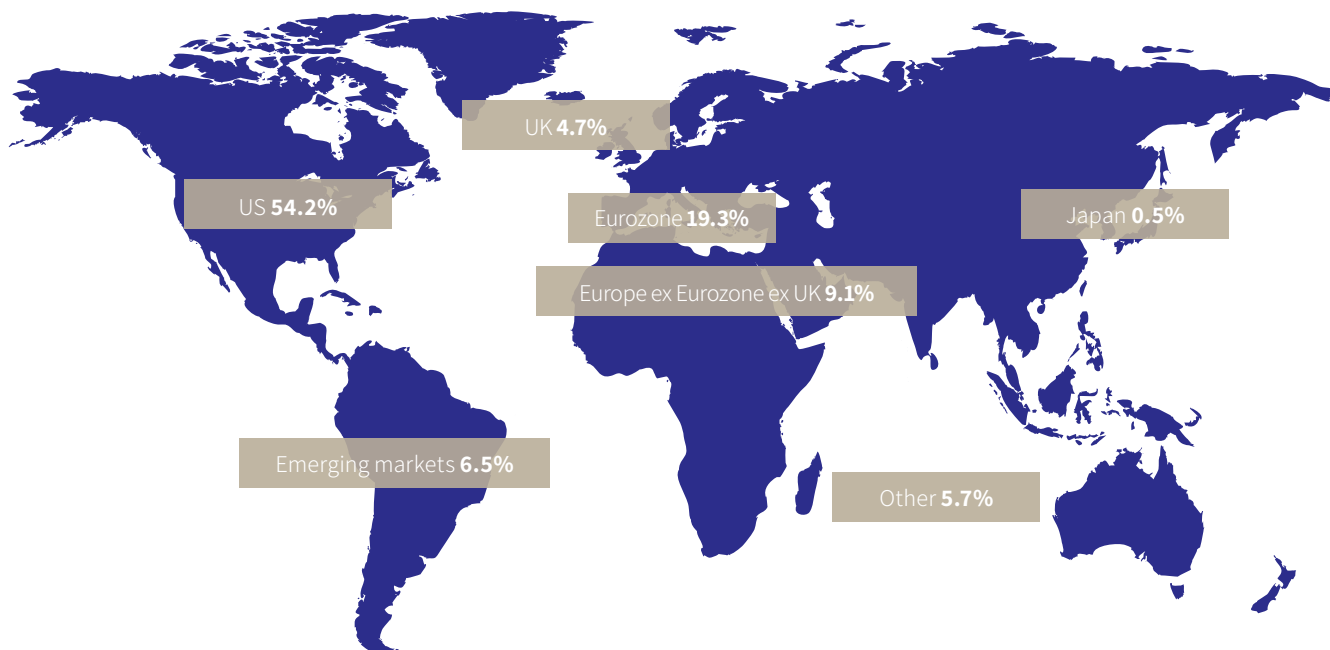


Top Ten Share Holdings

Stock name	% of fund
Microsoft	5.1
Alphabet	4.6
Oracle	4.2
Berkshire Hathaway	4.1
Booking Holdings	3.5
Costco Wholesale	3.2
Samsung Electronics	2.8
Taiwan Semiconductor	2.8
S&P Global	2.6
DCC	2.0

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

Share regional distribution



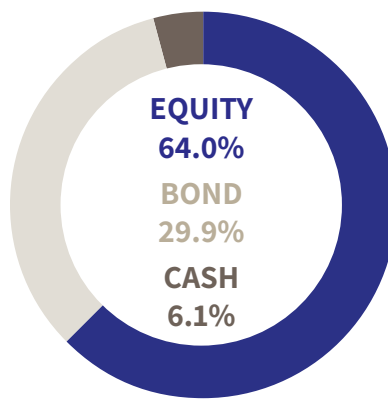
SUMMIT BALANCED FUND

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 June

The Summit Balanced Fund returned +0.94%, net of fund management fee, over June. From a sector perspective, Technology, Consumer Discretionary and Healthcare were the best performing sectors, while the Industrials, Consumer Staples and Infrastructure sectors lagged over the month. Global economic data was mixed in June, with US data showing further signs of moderating activity. Inflation slowed in the US, leaving the potential for the Fed to cut rates in the coming months. Elsewhere, the ECB eased policy for the first time since 2019. Meanwhile, political risk in Europe was in focus, as French President Macron unexpectedly called a snap general election. Global stock markets rallied further in June to new all-time highs, supported by tech stocks and softer US inflation data. However, European stocks were weighed down by political risk. Government bond prices were lower as central banks pared back expectations around rate cuts in 2024.

Asset allocation

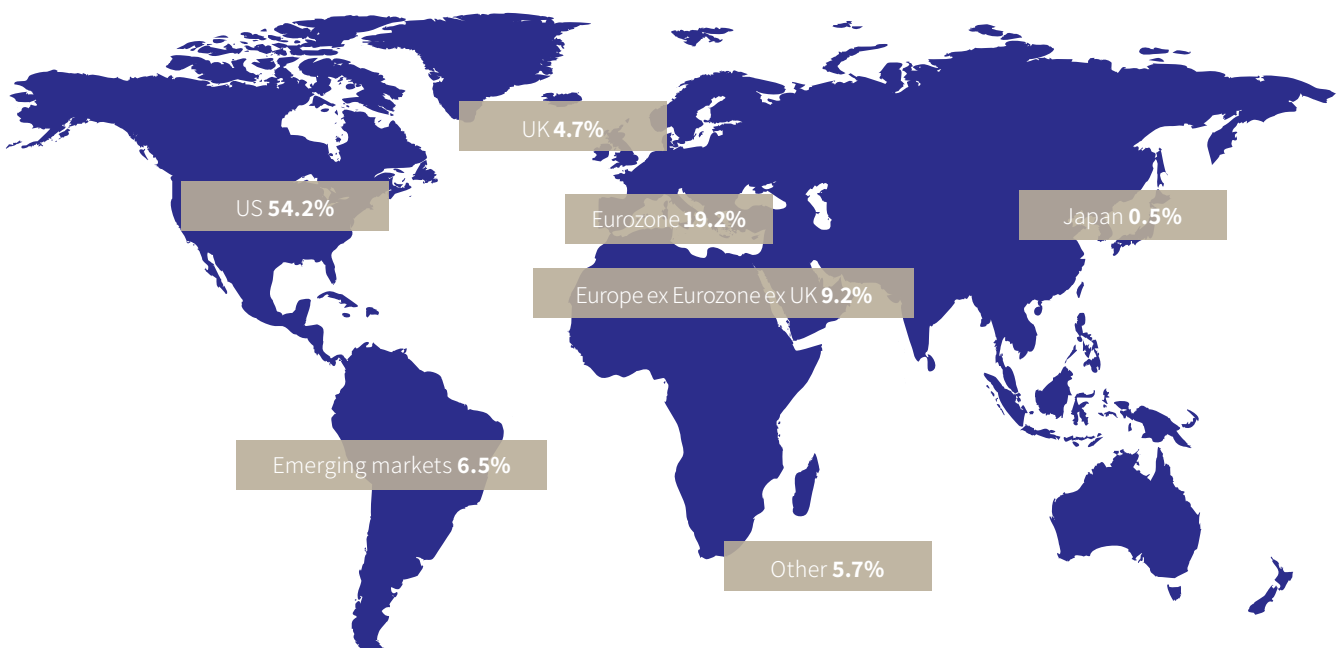


Top Ten Share Holdings

Stock name	% of fund
Microsoft	5.1
Alphabet	4.6
Oracle	4.2
Berkshire Hathaway	4.1
Booking Holdings	3.5
Costco Wholesale	3.2
Samsung Electronics	2.9
Taiwan Semiconductor	2.7
S&P Global	2.6
DCC	2.0

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

Share regional distribution



SUMMIT FUND PERFORMANCE



At 30 June 2024

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	0.94%	1.48%	7.50%
QTD	-0.45%	0.40%	9.04%
3 Month	-0.45%	0.40%	9.04%
YTD	3.59%	7.59%	26.77%
1 Year	5.88%	9.31%	33.82%
2 Years pa	4.71%	9.48%	24.95%
3 Years pa	1.60%	6.29%	14.07%
5 Years pa	3.00%	7.13%	16.29%
10 Years pa	4.68%	7.86%	13.98%

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

European Pensions AWARDS 2018
WINNER
Passive Manager of the Year

GRESB
★★★★★ 2023

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PROPERTY INDUSTRY EXCELLENCE AWARDS
2019
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Irish Pensions AWARDS 2019
WINNER
Investment Manager of the Year

Irish Pensions AWARDS 2020
WINNER
Investment Manager of the Year

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

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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.