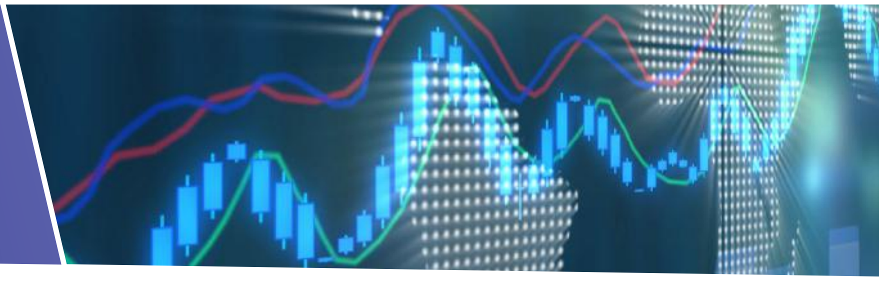
Irish Life

Life | Pensions | **Investments**

November 2024 in review
Summit Mutual Funds

Helping people build better futures

MARKET REVIEW



MARKET ROUND-UP

Market Review

The main event in November was the US election, which resulted in Donald Trump being re-elected and the Republicans winning a 'clean sweep'. Global stock markets moved higher, driven by US indices rallying to new all-time highs amid expectations that positives from tax cuts and deregulation would more than offset any drags on US growth from tariff policies. Bond yields fell, particularly in the Eurozone, as proposed US tariffs were expected to hamper European growth and, when combined with low inflation, would allow the European Central Bank (ECB) to cut rates more aggressively. US economic data showed strength while there were signs of softer activity in the Eurozone.

Equities

Global stock markets rallied in November, largely driven by optimism in the US due to the re-election of Trump and a Republican clean sweep. This raised expectations around US growth-friendly policies. The MSCI All Country World index rose by 4.1% (6.7% in euros) over the month, largely driven by US indices rallying to new all-time highs, with the MSCI USA rising by 6.3% (9.2% in euros). Emerging market (EM) stocks were hampered by the potential for US tariffs to weigh on growth. The MSCI EM index fell by 2.7% (-0.9% in euros).

Bonds

Eurozone government bond returns were positive as a result of a sharp fall in yields. The 10-year German bund yield was down by 31 basis points (bps) over the month to 2.11% as a lacklustre growth backdrop and headwinds from potential US policies were set to support the case for more aggressive rate cuts from the ECB. The ICE BofA 5+ Year Euro Government bond index returned 3.2% in November.

Corporate bond returns were supported by falling yields. European investment grade (IG) corporate bonds returned 1.7% as yields declined by 30bps to 3.13%. Global high yield bonds returned 0.9% as yields declined by 9bps to 6.39%.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2023 Return (%)
MSCI Ireland	-2.7	19.9	20.6
MSCI United Kingdom	4.2	15.7	10.3
MSCI Europe ex UK	0.2	8.1	18.5
MSCI North America	9.2	33.8	22.3
MSCI Japan	3.5	14.0	16.7
MSCI EM (Emerging Markets)	-0.9	13.1	6.5
MSCI AC World	6.7	26.4	18.6
10-Year Yields	**Yield last month (%)**	**2023 Yield (%)**	**2022 Yield (%)**
US	4.17	3.88	3.87
Germany	2.09	2.02	2.57
UK	4.24	3.54	3.67
Japan	1.05	0.61	0.42
Ireland	2.40	2.38	3.13
Italy	3.28	3.69	4.70
Greece	2.91	3.06	4.62
Portugal	2.54	2.66	3.59
Spain	2.79	2.99	3.66
FX Rates	**End last month**	**2023 Rates**	**2022 Rates**
U.S. Dollar per Euro	1.06	1.10	1.07
British Pounds per Euro	0.83	0.87	0.89
U.S. Dollar per British Pounds	1.27	1.27	1.21
Commodities (USD)	**MTD Return (%)**	**YTD Return (%)**	**2023 Return (%)**
Oil (Brent)	-0.3	-5.3	-10.3
Gold (Oz)	-3.5	28.1	13.1
S&P Goldman Sachs Commodity Index	0.1	5.8	4.3

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

MARKET OUTLOOK

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

With inflation having fallen significantly and central banks suggesting policy is still above neutral levels, rates are likely to be cut further through 2025 enabling bond yields 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 2.11% and 4.17% to 1.75% and 4.0% 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. The asset class 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.

Despite uncertainties relating to the implications of US policy going forward, the fundamental backdrop for global equities, and particularly US equities, remains positive. Steady growth, strong consumer balance sheets, ongoing disinflation, rate cuts and corporate-friendly policies continue to provide a positive equity backdrop. Divergence within regional equity performance, however, is likely to remain a feature as US exceptionalism continues, with tax cuts and deregulation adding to its existing structural competitive advantages.

Global equities valuations are above long-term averages, trading on a 12-month forward price-to-earnings (P/E) multiple of 18.4x against a long-term average of 16.1x. Equities remain expensive against both bonds and cash given the high yields currently available on these assets. Despite equities appearing fully valued, the outlook on a 12-month view is positive. With growth expected to remain firm and US corporates set to benefit from growth-friendly policies from the incoming administration in 2025, earnings are forecast to rise strongly in the next one to two years. Additional rate cuts in a positive fundamental backdrop can also contribute to further gains. 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 returns for global equities on a 12-month time frame.

Increasing hopes of growth remaining firm have been supportive of equity markets. A continued fall in inflation, despite tariffs, enabling central banks to cut interest rates further, could contribute to additional gains in equity markets.

Forecasts for global growth in 2024 were revised up to 2.7%. The US economy has been robust while Europe has struggled as higher interest rates have impacted activity levels and demand. Lower ECB policy rates can help stabilise European sentiment and growth. Chinese growth has been lacklustre, and the authorities recently announced a range of additional stimulus measures to boost growth.

Post-election policies in the US likely to widen the growth divergence in favour of the US versus other regions in 2025. Above-trend US growth of 2.2% expected in 2025, and close-to-trend growth of 2.3% in the global economy.

Equities are above long-term average valuation multiples but, with positive economic and earnings growth in 2025/26 and additional rate cuts, 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 inflation path, monetary policy and geopolitical events. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposures.

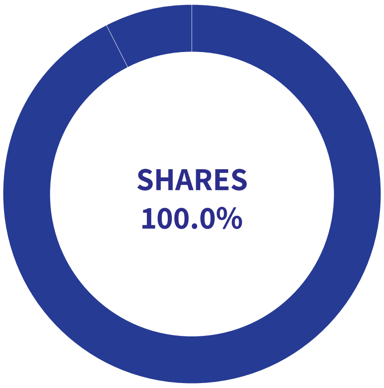
SUMMIT GLOBAL LEADERS FUND

The Summit Global Leaders Fund invests in stocks of international companies with large market capitalisations, operating in different geographical regions and business sectors. From July 2014, equity management has been sub-advised to Setanta Asset Management. While Setanta has discretion in selecting appropriate investments that conform to the fund's investment policy, the fund is passively managed in reference to the Dow Jones Global Titans 50 Index, an index comprised of fifty of the largest (by market capitalisation) multinational companies traded on major exchanges.

Fund update for November

The Summit Global Leaders Fund returned 6.28%, net of fund management fee, over November. Leading performers included Tesla (+33.2% in US$) and Netflix (+16.1% in US$). The former is seen as a potential beneficiary from CEO Elon Musk's closeness to the new US president. A curtailment of EV subsidies in the US may hurt its competitors more than Tesla. Netflix's Q3 results showed positive trends in revenue and subscriber growth as a crackdown on password sharing has boosted income. Laggards included Abbvie (-10.2% in US$) and Roche (-8.2% in CHF). Abbvie declined after reporting disappointing clinical trial data for its schizophrenia drug Emraclidine. Roche's share price weakness reflected some ongoing concerns about its drug pipeline productivity falling below its historical track record.

Asset allocation

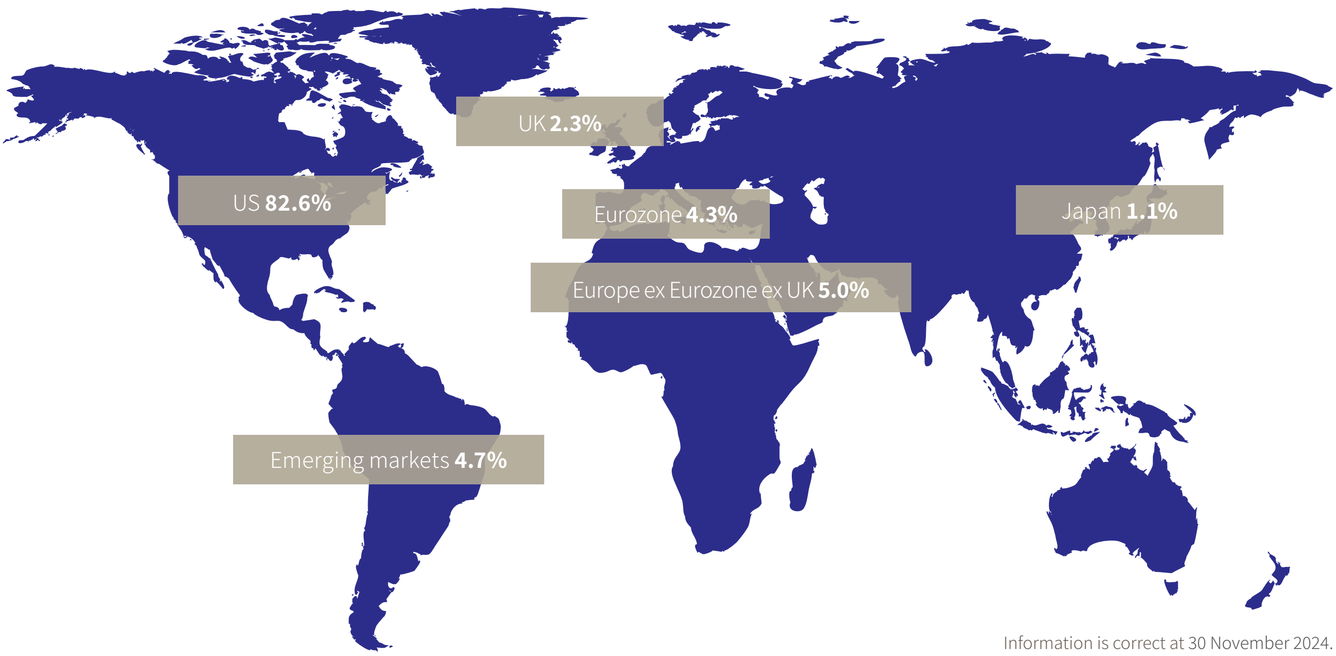


Top Ten Share Holdings

Stock name	% of fund
Nvidia	8.6
Apple	8.2
Alphabet	8.0
Amazon.com	7.2
Microsoft	7.1
Meta Platforms	4.3
Tesla	3.9
Taiwan Semiconductor	3.7
JP Morgan	3.1
Broadcom	3.0

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

Share regional distribution



Information is correct at 30 November 2024.

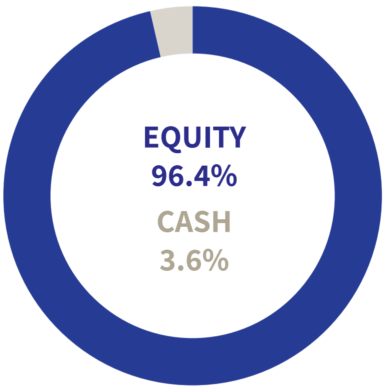
SUMMIT GROWTH FUND

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 November

The Summit Growth Fund returned 6.17%, net of fund management fee, over November. Industrials, Financials and Consumer Discretionary were the best performing sectors, while the Consumer Staples, Healthcare and Utilities sectors lagged over the month. The stocks contributing most to the fund's return were Oracle, Booking Holdings and Berkshire Hathaway. The largest detractors from performance were Samsung Electronics, Air Liquide and Legrand.

Asset allocation

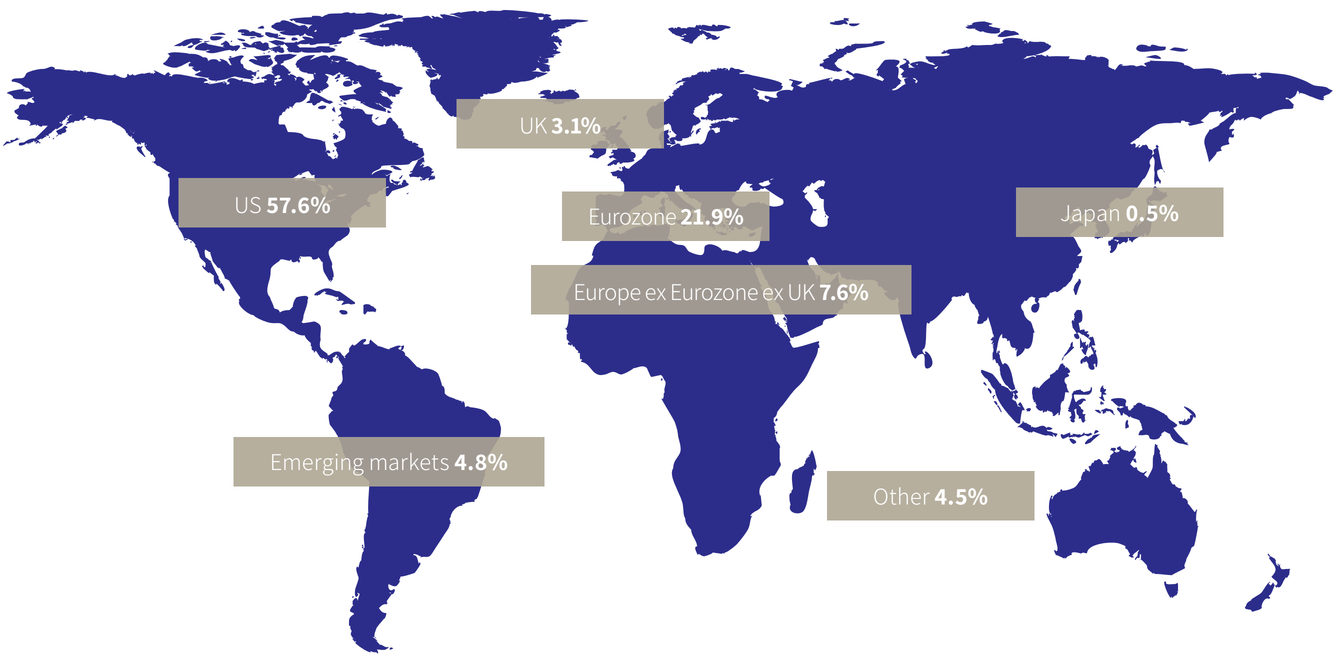


Top Ten Share Holdings

Stock name	% of fund
Berkshire Hathaway	4.7
Oracle	4.3
Microsoft	4.2
Alphabet	4.0
Booking Holdings	3.8
Taiwan Semiconductor	3.0
CRH	2.5
S&P Global	2.2
UnitedHealth Group	2.2
McDonald's	2.0

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

Share regional distribution



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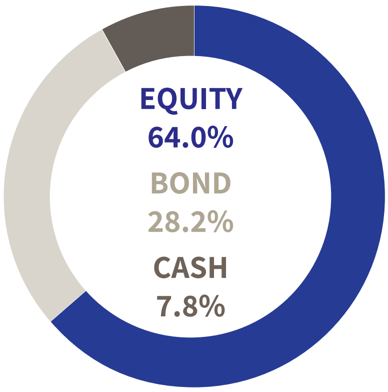
SUMMIT BALANCED FUND

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 November

The Summit Balanced Fund returned 4.62%, net of fund management fee, over November. Industrials, Financials and Consumer Discretionary were the best performing sectors, while the Consumer Staples, Healthcare and Utilities sectors lagged over the month. The main event in November was the US election, which resulted in Donald Trump being re-elected and the Republicans winning a 'clean sweep'. US economic data showed strength while there were signs of softer activity in the Eurozone. Global stock markets moved higher, driven by US indices rallying to new highs amid expectations that positives from tax cuts and deregulation will more than offset any drags on US growth from tariff policies. Bond yields fell, particularly in the Eurozone, as proposed US tariffs were expected to hamper European growth, which, when combined with low inflation, would allow the European Central Bank to cut rates more aggressively.

Asset allocation

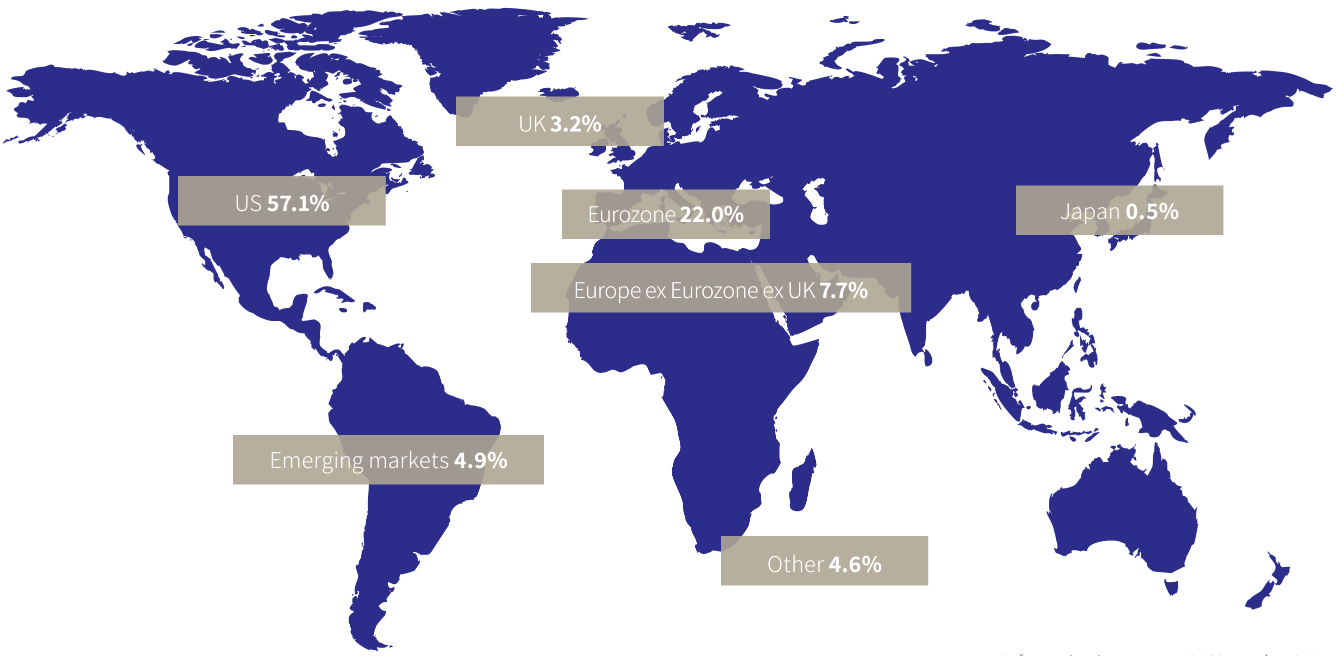


Top Ten Share Holdings

Stock name	% of fund
Berkshire Hathaway	4.6
Oracle	4.2
Microsoft	4.1
Alphabet	3.9
Booking Holdings	3.7
Taiwan Semiconductor	3.0
CRH	2.4
Unitedhealth Group	2.2
S&P Global	2.2
Nike	2.0

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

Share regional distribution



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SUMMIT FUND PERFORMANCE

At 30 November 2024

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	4.62%	6.17%	6.28%
QTD	4.02%	5.80%	8.08%
3 Month	5.12%	7.12%	7.88%
YTD	11.81%	18.41%	33.64%
1 Year	15.29%	21.78%	36.49%
2 Years pa	7.03%	11.01%	25.84%
3 Years pa	2.75%	7.47%	11.47%
5 Years pa	3.89%	8.11%	15.25%
10 Years pa	4.86%	8.17%	13.35%

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

GRESB ★★★★★ 2024

Irish Pensions AWARDS 2019
WINNER
Investment Manager of the Year

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KPMG 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

Irish Pensions AWARDS 2024
WINNER
Investment Manager of the Year