



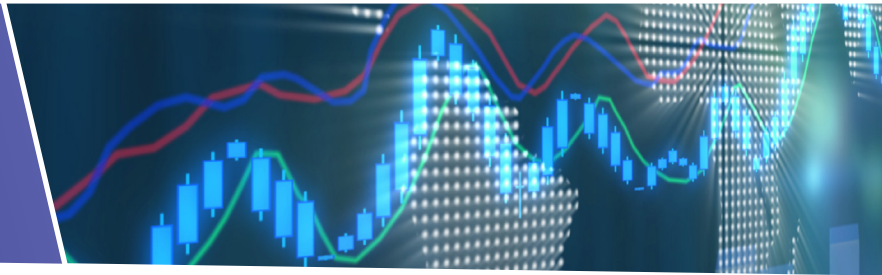
September 2024 in review

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 rose to new all-time highs in September, supported by interest rate cuts by major central banks, while expectations around lower rates in the coming months helped push bond yields lower. The Federal Reserve (Fed) began its easing cycle with a larger-than-expected interest rate cut in September and guided for further cuts this year and next, while the European Central Bank (ECB) enacted its second interest rate cut of the cycle. Economic data overall suggested that a soft economic landing for the US – inflation returning to target with no recession – remains likely. Meanwhile, the market reacted enthusiastically to China’s announcement of stimulus measures.

Equities

Global stock markets rallied to new all-time highs, supported by interest rate cuts by major central banks and expectations of a soft economic landing. The MSCI All Country World index rose by 2.0% (1.5% in euros) in September, with the MSCI USA rising by 2.2% (1.3% in euros). Emerging market (EM) stocks were supported by stimulus measures from China. The MSCI EM index rallied by 5.6% (5.8% in euros), the best monthly performance since November 2023, and supported by a 23.3% (22.9% in euros) gain for the MSCI China index.

Bonds

Eurozone government bond returns were positive due to both yield and capital gains, with the yield of the 10-year German bund down by 16 basis points (bps) over the month, at 2.12%. The ICE BofA 5+ Year Euro Government bond index returned 1.5% in September.

Corporate bonds were supported by falling yields. European investment grade (IG) corporate bonds returned 1.2% as yields fell by 23bps to 3.29%. Global high yield bonds returned 1.1% as yields declined by 18bps to 6.23%.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2023 Return (%)
MSCI Ireland	9.4	30.1	20.6
MSCI United Kingdom	3.7	14.2	10.3
MSCI Europe ex UK	2.0	11.7	18.5
MSCI North America	2.0	20.1	22.3
MSCI Japan	1.7	11.6	16.7
MSCI EM (Emerging Markets)	4.6	16.0	6.5
MSCI AC World	2.5	17.9	18.6
10-Year Yields	Yield last month (%)	2023 Yield (%)	2022 Yield (%)
US	3.78	3.88	3.87
Germany	2.12	2.02	2.57
UK	4.00	3.54	3.67
Japan	0.86	0.61	0.42
Ireland	2.47	2.38	3.13
Italy	3.45	3.69	4.70
Greece	3.11	3.06	4.62
Portugal	2.70	2.66	3.59
Spain	2.93	2.99	3.66
FX Rates	End last month	2023 Rates	2022 Rates
U.S. Dollar per Euro	1.11	1.10	1.07
British Pounds per Euro	0.83	0.87	0.89
U.S. Dollar per British Pounds	1.34	1.27	1.21
Commodities (USD)	QTD Return (%)	YTD Return (%)	2023 Return (%)
Oil (Brent)	-16.9	-6.8	-10.3
Gold (Oz)	13.4	27.9	13.1
S&P Goldman Sachs Commodity Index	-5.3	5.2	4.3

Source: ILIM, Bloomberg. Data is accurate as at 1 October 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 2.12% and 3.79% to 1.50% and 3.50%, 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 equity valuations are above long-term averages, trading on a 12-month forward price-to-earnings (P/E) multiple of 17.9x against a long-term average of 14.6x. 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 have pivoted to looser policy in 2024 as inflation has declined. With growth expected to remain firm with a recession being avoided, earnings are forecast to rebound in 2024, which should be 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 further, could contribute to additional gains.



Global growth surprised positively in 2023 at 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. Lower ECB policy rates can help stabilise European sentiment and growth.



After an initial reopening surge in 2023, Chinese growth stalled. The authorities have recently announced a range of additional stimulus measures to boost growth.



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.

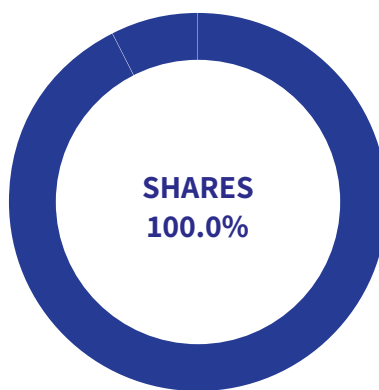
SUMMIT GLOBAL LEADERS FUND

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 September

The Summit Global Leaders Fund returned -0.18%, net of fund management fee, over September, slightly behind its benchmark. Leading performers over the period included Tesla (+22.2% in US\$) and Meta (+9.9% in US\$). The Fed's decision to cut its benchmark interest rate for the first time since 2020 was seen as positive for automotive demand, while Tesla also benefited from a 'risk-on' attitude from investors. Meta, owner of social media apps Facebook and Instagram, benefited from optimism on its revenue growth outlook and potential for margin expansion as it capitalises on its advertising capabilities. Laggards included Samsung Electronics (-17.2% in KRW) and Novo Nordisk (-16.1% in DKK). There were concerns that profit recovery in Samsung's semiconductor memory business may be delayed by sluggish demand while it is lagging competitors in the more advanced High Bandwidth Memory market. Novo Nordisk declined after one of its pipeline drugs for weight loss reported disappointing results with concerns about side effects. US politicians have criticised the high prices of its blockbuster diabetes and obesity drugs.

Asset allocation



Top Ten Share Holdings

Stock name	% of fund
Apple	8.7
Nvidia	7.7
Alphabet	7.5
Microsoft	7.3
Amazon.com	7.2
Meta Platforms	4.9
Taiwan Semiconductor	3.6
Broadcom	3.3
Eli Lilly	3.1
Tesla	3.0

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

Share regional distribution



Information is correct at 30 September 2024.

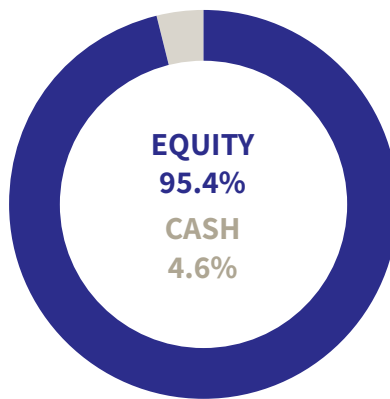
SUMMIT GROWTH FUND

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 September

The Summit Growth Fund returned 1.25%, net of fund management fee, over September. Consumer Discretionary, Utilities and Communication Services were the best performing sectors, while the Industrials, Energy and Financials sectors lagged over the month. The stocks contributing the most to the fund's return were Oracle, Tencent Holdings, Booking Holdings and Nike. The largest detractors from performance were Samsung Electronics, Berkshire Hathaway, Oshkosh and Electronic Arts.

Asset allocation

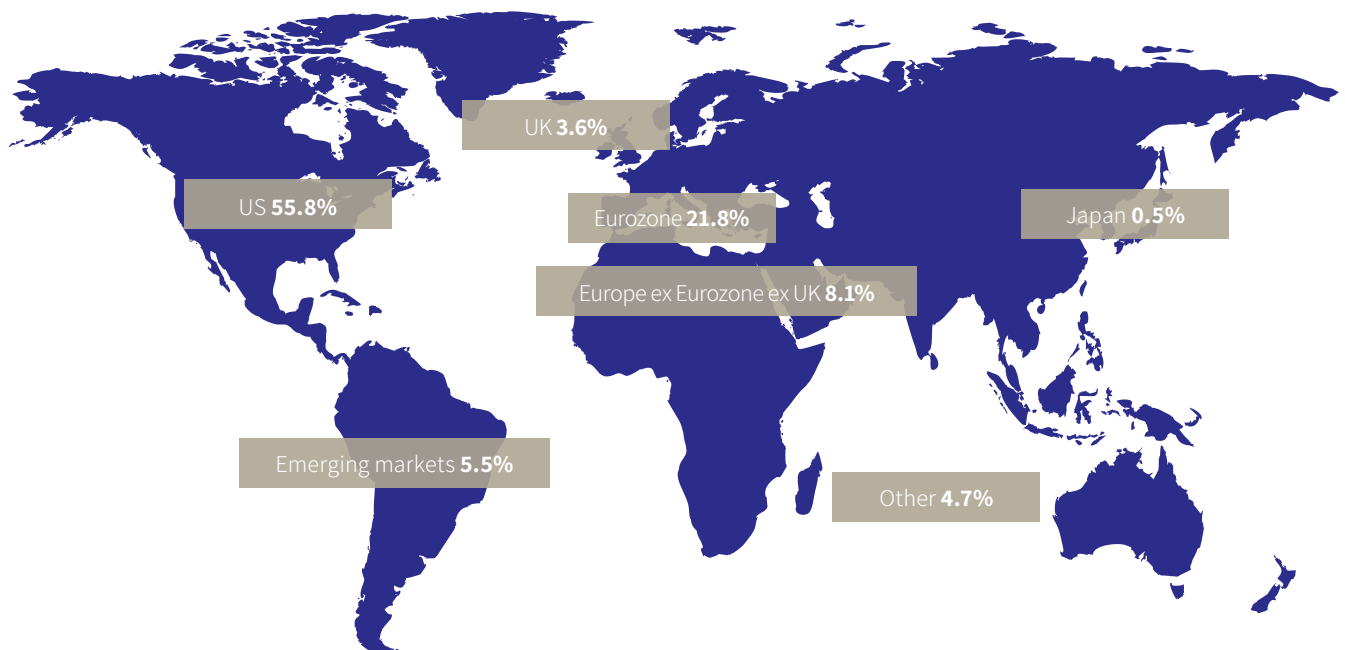


Top Ten Share Holdings

Stock name	% of fund
Oracle	4.8
Berkshire Hathaway	4.4
Microsoft	4.4
Alphabet	3.9
Booking Holdings	3.5
Taiwan Semiconductor	2.8
S&P Global	2.8
Nike	2.2
Samsung Electronics	2.2
CRH	2.1

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

Share regional distribution



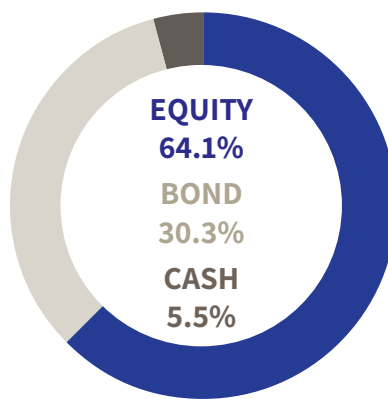
SUMMIT BALANCED FUND

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 September

The Summit Balanced Fund returned 1.05%, net of fund management fee, over September. Consumer Discretionary, Utilities and Communication Services were the best performing sectors, while the Industrials, Energy and Financials sectors lagged over the month. The Fed began its easing cycle with a larger-than-expected cut in its key rate in September, and guided for further cuts this year and next, with data overall suggesting that a soft economic landing remains likely. Elsewhere, the ECB cut rates further, and China announced further stimulus measures. Global stock markets rose to new all-time highs in September as expectations around lower rates in the coming months helped push bond yields lower.

Asset allocation

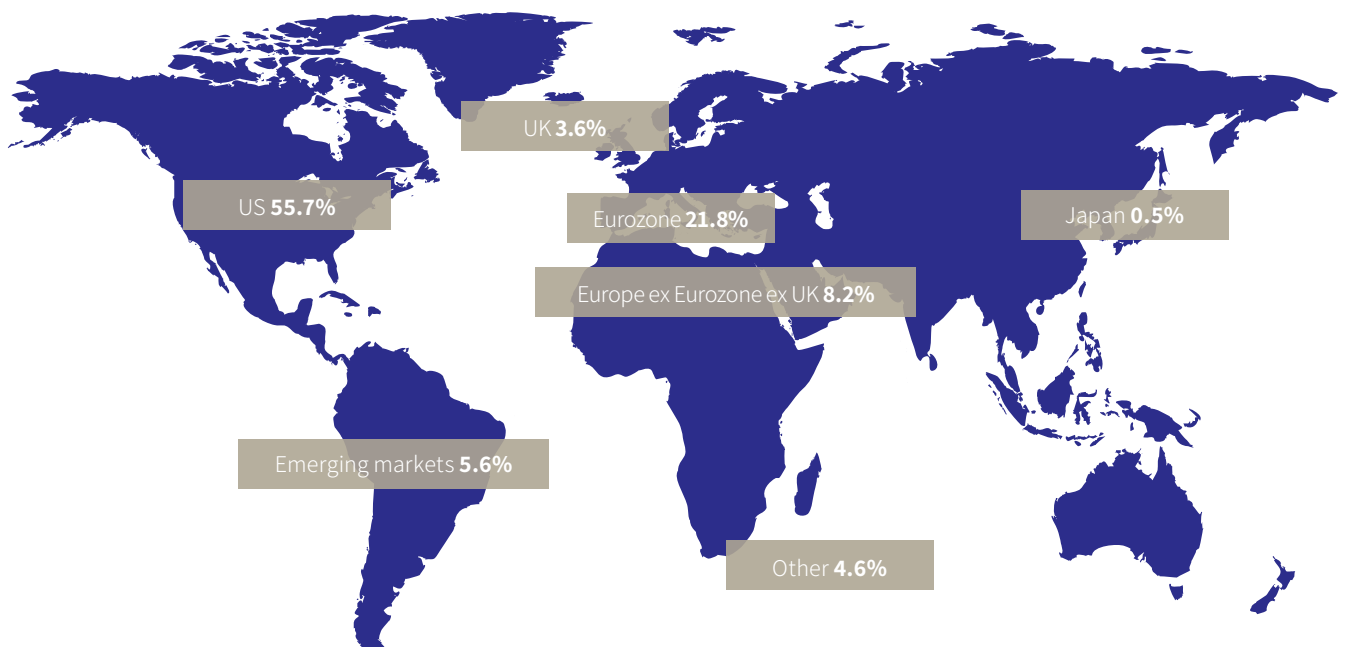


Top Ten Share Holdings

Stock name	% of fund
Oracle	4.7
Berkshire Hathaway	4.4
Microsoft	4.3
Alphabet	3.8
Booking Holdings	3.5
S&P Global	2.8
Taiwan Semiconductor	2.8
CRH	2.2
Nike	2.2
Samsung Electronics	2.1

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

Share regional distribution



Information is correct at 30 September 2024.

SUMMIT FUND PERFORMANCE



At 30 September 2024

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	1.05%	1.25%	-0.18%
QTD	3.76%	4.03%	-2.46%
3 Month	3.76%	4.03%	-2.46%
YTD	7.49%	11.93%	23.65%
1 Year	13.03%	16.85%	30.25%
2 Years pa	8.91%	13.51%	23.82%
3 Years pa	2.62%	7.25%	12.21%
5 Years pa	3.27%	7.43%	14.51%
10 Years pa	4.82%	8.05%	12.82%

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



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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