

## Outlook

Closing the books on 2008 may be enough for investors to breathe a sigh of tentative relief in 2009. The real action to start out the year, however, is likely to surround the inauguration of the new President and potential policy action shortly thereafter. President-elect Obama faces a multitude of challenges when he takes office in January. Will his inauguration be enough to give markets a boost? Given the current economic environment and the stated intention for major fiscal policy action, we will be watching Obama's actions early next year.

December saw aggressive policy easing across the board by Central Banks, which indicates that governments across the globe have ratcheted up their concerns to a new level of urgency. However, the only real cure for the world's current economic ills is "Father Time". The recovery that eventually ensues is likely to be weak, and there will be strong structural headwinds to profits. Margins will stay under pressure as deflationary forces bite. To some extent, markets have already discounted these developments.

**If you have any further enquiries please do not hesitate to contact EBS Savings and Investments on 01 665 8027.**

### DISCLOSURE:-

Irish Life Investment Managers Limited is authorised by the Financial Regulator. While Irish Life Investment Managers uses reasonable efforts to ensure that the information contained in this document is current, accurate and complete at the date of publication, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. Irish Life Investment Managers therefore cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in reliance on, any information contained in this document. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. The performance shown represents past performance and does not guarantee future results. Past performance is not indicative of future results.

Summit Asset Management is regulated by the Financial Regulator.

January 2009

# Summit Mutual Funds

## Quarterly Review

### Markets

The fourth quarter managed to surpass the third quarter in the levels of falls in equity markets, levels of volatility and heightened concerns over the outlook for the financial system and the global economy. Governments around the world were forced to bail out their banking systems by injecting capital into individual banks and there was an unprecedented round of aggressive global co-ordinated interest rate cuts which brought rates in the US to 0.25%, 2.0% in the UK and 2% in Europe in an attempt to enable banking systems to function properly again and to re-ignite economic growth as the recession became the worst experienced in over 70 years.

Markets enjoyed a short rally when Barack Obama won the US presidential election in anticipation of progressive change but the deteriorating economic and corporate news flow continued. General Motors indicated it would run out of cash prior to year end without government assistance while Fannie Mae, the US government sponsored mortgage player said it was likely to become insolvent. Citigroup was rumoured to be on the verge of collapse. There was disappointment with the announcement that the TARP funds would not be used to buy troubled assets from banks.

Markets bottomed late November when the authorities bailed out Citigroup by providing further capital injections and a guarantee on \$306bn of its troubled assets. An \$800bn package was announced to buy mortgage backed assets and debt from the government sponsored mortgage participants. A package of almost \$21bn was finally agreed upon to support the US auto industry. These measures combined with further interest rate cuts in December led to a rally of about 20% in markets from the late November lows.

Despite this, equity markets still showed significant losses for the quarter with the US down 22.6%, Europe 21.2%, Japan 21.0%, Pacific Basin 19.6% and the UK 11.0%. Ireland fell 34.0% due to the continued concerns over the level of recapitalisation required by the Irish banks. Details were only released during Christmas week and involved a total of €5.5bn being invested by the government in AIB, Bank of Ireland and Anglo Irish Bank and underwriting further capital raises of up to €1bn each for both AIB and Bank of Ireland.

All sectors were down during the period. Defensive sectors were the best performing areas with telecoms, consumer staples and healthcare outperforming as they were seen as offering some relative protection from an earnings point of view. Financials underperformed given the ongoing crisis in the sector and concerns over the potential level of asset write downs and credit losses. Commodities underperformed as commodity prices plunged with the slowing global economic backdrop. Oil prices were down 55.7% in the quarter to \$44.60 bl. Consumer discretionary stocks also underperformed due to concerns over the outlook for consumer spending.



## Summit Balanced Fund

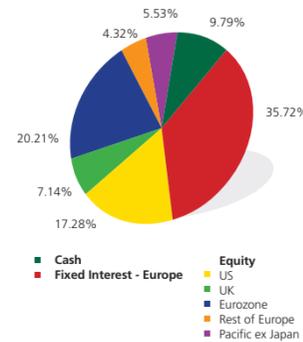
### Review

The objective is to provide above average returns over the medium to long term without significant volatility. The fund invests in global equities but must maintain at least a third of its assets in Bonds and Cash. The fund ended the quarter with 54% invested in equities, 36% in bonds and 10% in cash.

Stocks which were bought during the quarter included **Yara International**, the global leader in nitrogen fertiliser. Favourable fundamentals are driven by food demand from population growth, industrial demand from bio-fuels and various government actions. **Iberdrola**, the Spanish electric utility was purchased given its compelling valuation, defensive earnings with strong quality of generation assets and cost cutting opportunities.

Positions which were sold included **Svenska Cellulose**, a paper company, **Gaz de France**, **Smurfit Stone Container**, **Swisscom**, and **Cobham**, an aviation and defence company

| Equity Sector Distribution | %      | Top 10 Holdings | %    |
|----------------------------|--------|-----------------|------|
| Banks and Finance          | 25.84% | ISHARES         | 3.21 |
| Other                      | 16.50% | CRH             | 2.23 |
| Industrial commodities     | 14.35% | TOTAL           | 0.91 |
| Consumer Staples           | 12.69% | ROCHE           | 0.88 |
| Technology & Telecomms     | 10.28% | TELEFONICA      | 0.83 |
| Pharmaceuticals            | 8.55%  | E.ON AG         | 0.76 |
| Energy                     | 7.01%  | BP              | 0.68 |
| Utilities                  | 4.16%  | NOVARTIS        | 0.67 |
| Food Retail & Misc         | 0.45%  | BCO SANT CENT   | 0.57 |
| Construction               | 0.17%  | VODAFONE        | 0.57 |



Bid/Exit price at 30/12/08  
**102.3c**

\*Past Performance  
1 Year — -27.99%  
2 Year — -17.62%  
5 Year — -1.1%  
10 Year — N/A

Source: Moneymate ©

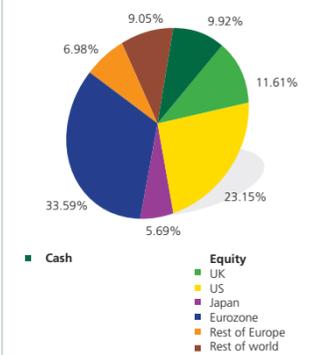
## Summit Growth Fund

### Review

The Summit Growth Fund pursues a strategically aggressive policy in order to achieve significant capital growth. This means that 100% of the funds assets may be invested in equities throughout the worlds stock markets.

**TNT**, the global mail and express group, was bought given its cash generative abilities, international expansion plans and attractive valuation. **Telecom Italia** was purchased as competition in the domestic market appears set to ease, it received a favourable regulatory review and the stock was trading at a 30% discount to peers. **Diageo**, the drinks company, was bought given its attractive valuation, strong global diversity in the luxury drinks segment, higher margins evident in spirits relative to beers and less capital intensive characteristics. Positions which were sold include; **Siemens**, **Wachovia**, a US bank bought by wells Fargo, **BNP**, **Rockwell Collins**, an aviation company, and **Heineken**.

| Equity Sector Distribution        | %      | Top 10 Holdings | %    |
|-----------------------------------|--------|-----------------|------|
| Industrial Commodities            | 18.44% | ISHARES         | 9.00 |
| Food Retail a& Misc               | 14.40% | CRH             | 3.79 |
| Technology and Telecommunications | 11.39% | TOTAL           | 1.57 |
| Consumer Staples                  | 11.01% | ROCHE           | 1.45 |
| Banks & Finance                   | 10.93% | TELEFONICA      | 1.41 |
| Pharmaceuticals                   | 10.42% | E.ON AG         | 1.39 |
| Energy                            | 8.33%  | NOVARTIS        | 1.16 |
| Utilities                         | 5.55%  | BP              | 1.08 |
| Food Retail & Misc                | 5.27%  | BCO SANT CENT   | 0.93 |
| Banks and Finance                 | 3.99%  | VODAFONE GROUP  | 0.90 |
| Construction                      | 0.26%  |                 |      |
| Unclassified                      | 0.01%  |                 |      |



Bid/Exit price at 30/12/08  
**85.2c**

\*Past Performance  
1 Year — -43.71%  
2 Year — -28.34%  
5 Year — -4.88%  
10 Year — N/A

Source: Moneymate ©

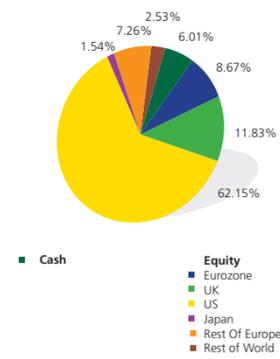
## Summit Global Leaders Fund

### Review

The Summit Global Fund is a specialised fund and can only invest in stocks that have large market capitalisation of at least \$10 billion. Hence, it is well placed to exploit the major themes which are driving economic growth.

During the quarter we bought Schlumberger, the oil services company which had fallen significantly due to the fall in the oil price and concerns over oil related capex. At the lows the stock was trading close to 20 year lows on valuation measures with the current outlook apparently well priced in. Positions which were sold during the quarter included **ENI**, the Italian oil and gas company, **Citigroup**, **Nokia** and **Siemens**. Over the quarter, **BP** rose 13.4% despite the weaker oil price as it produced solid results due to previously higher oil prices and demonstrated strong cash generating capabilities. **Royal Bank of Scotland** fell 72.4% following earnings downgrades due to the weak trading backdrop and significant earnings dilution from the capital raising which resulted in the government taking a 58% stake in the company.

| Equity Sector Distribution        | %     | Top 10 Holdings   | %    |
|-----------------------------------|-------|-------------------|------|
| Energy                            | 22.1% | ISHARES           | 7.53 |
| Technology and Telecommunications | 21.4% | EXXON MOBIL       | 7.37 |
| Pharmaceuticals                   | 15.4% | PROCTER & GAMBLE  | 3.49 |
| Consumer Staples                  | 14.8% | JOHNSON & JOHNSON | 3.11 |
| Banks and Finance                 | 10.7% | AT&T              | 3.10 |
| Food Retail and Misc              | 9.6%  | GENERAL ELEC      | 3.07 |
| Industrial Commodities            | 4.3%  | MICROSOFT         | 2.97 |
| Utilities                         | 1.5%  | NESTLE            | 2.75 |
|                                   |       | CHEVRONTEXACO     | 2.63 |
|                                   |       | WAL MART          | 2.51 |



Bid/Exit price at 30/12/08  
**68.2c**

\*Past Performance  
1 Year — -35.2%  
2 Year — -21.82%  
5 Year — -6.3%  
10 Year — N/A

Source: Moneymate ©

## Fund Performance

### Performance Report - 01 Jan 2001 to 01 Jan 2009



Source : Moneymate

The figures are based on the following : Local Currency, Offer to Offer, Gross Income Reinvested on Ex-Dividend Date. Past performance is not a necessarily a guide to future performance. Unit prices may fall as well as rise.