

Summit Mutual Funds

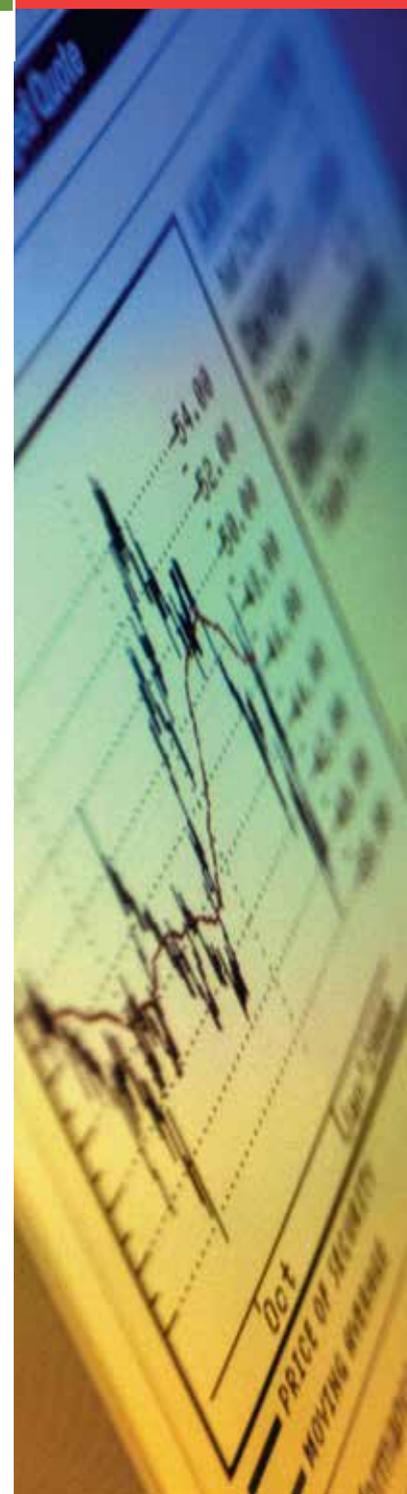
First Quarter Comment 2016

Markets

The first quarter proved to be extremely volatile with renewed concerns over Chinese and global growth giving rise to significant losses in equities early in the year. Additional concerns related to the negative consequences of a sharp decline in oil prices, fears over systemic risks in the banking sector and a sense that central banks had run out of policy options. Concerns of a Chinese currency devaluation also contributed to losses in equities until mid-February. Thereafter equities began to recover on the back of some improvement in global economic data, a rebound in the oil price, positive surprises from central banks and a weaker US dollar with the result that equities ended the quarter modestly down in local currency terms. A stronger Euro however meant that losses were greater in Euro terms. In contrast to equities, bonds experienced consistent gains over the quarter, benefiting from the concerns over growth, persistent low inflation, a flight to safety in the risk off environment and also from the expansion of monthly asset purchases by the ECB and more dovish commentary from the US Fed regarding the pace of future interest rate rises.

Over the quarter, the MSCI AC World equity benchmark fell -1.4% (-4.3% in €). Emerging market equities rose 2.8% (0.8% in €), benefiting from the more dovish US Fed commentary regarding the pace of US rate rises, evidence of increased fiscal and monetary stimulus in China and the general rebound in commodity prices from the January lows. The US rose 1.0% (-3.8% in €), also benefiting from the indications that US monetary policy would remain more accommodative than previously indicated, a weaker US dollar and an improvement in economic news flow through the quarter. The UK rose 0.2% (-6.9% in €) despite the uncertainty caused by the announcement of the referendum on EU membership as it benefited from the weakness in sterling associated with the referendum. Japan fell -12.5% (-10.8% in €), negatively impacted by the stronger Yen, disappointing economic releases and apparent disagreement at the central bank regarding the appropriate path for monetary policy. This related to the decision to cut the deposit rate to a negative -0.1% which generated vigorous debate and divergent views within the Bank of Japan and which was ultimately negatively received by markets. Europe ex UK fell -6.9% (-7.0% in €), impacted by the stronger Euro and political uncertainties across the region.

The Eurozone > 5 year sovereign bond benchmark rose 5.4% during the quarter. German 10 year yields fell to 0.15% due to the concerns over growth, ongoing low inflation and the ECB expansion of asset purchases by €20bn per month to €80bn. Peripheral spreads against Germany actually rose slightly over the quarter despite narrowing in March post the ECB expansion of asset purchases. Political uncertainties related to the migrant issue, the failure to form a government in Spain, concerns regarding the Italian bank sector and general growth concerns all contributed to the modest widening in spreads in the quarter.



Summit Balanced Fund

Review

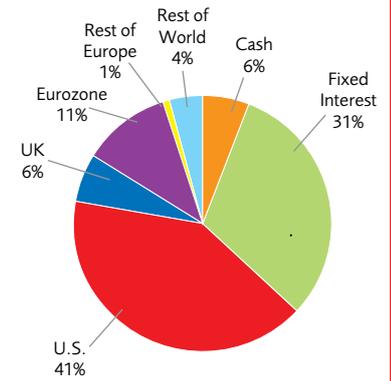
The fund's Energy holdings were the largest detractor in the quarter, notably Devon Energy and National Oil Varco, with the latter continuing to suffer from exploration and production capital spending declines of 50% in North America, curbing new orders and eroding the company's order backlog. Clearly these developments pressure profit margins in the short term, however the extent of capital and labour disinvestment in the industry is laying the seeds for a potentially significant recovery in the medium term. Meanwhile NOV's balance sheets strength helps the company survive through the interim period.

Equity Sector Distribution %

Sector	%
Financial	21.80%
Telecomms & Technology	19.81%
Pharmaceuticals	12.03%
Consumer Cyclical	11.59%
Energy	9.07%
Consumer Staples	8.42%
Industrial Commodities	5.74%
Industrial Services	4.73%
Capital Goods	3.91%
Utilities	2.90%

Top 10 holdings %

Company	%
DCC	2.29%
Berkshire Hathaway	1.93%
Fairfax Financial	1.91%
CRH	1.87%
Owens Inc	1.73%
Johnson & Johnson	1.55%
McDonalds Corp	1.51%
Federated Inv	1.49%
Oshkosh Truck Corp	1.46%
Nike	1.42%



Bid/Exit price at 31/03/2016
192.70

***Past Performance**
1 Year - -4.60
2 Years - 8.32
5 Years - 7.57
10 Years - 2.92

Source MoneyMate ©

Summit Growth Fund

Review

ADT remained attractive to us despite succumbing to worst excesses of shareholder activism in 2013, when they underinvested in marketing and lost share to rivals while preferring to engage in a debt funded buy back of over \$2.5bn worth of stock. Nevertheless the shares traded at a material discount to private market values while the share price continued to underperform. Private Equity firm Apollo already had exposure to residential security, duly and opportunistically bid \$42 per share, or a 56% premium to ADT's share price. We could quibble over whether we extracted full value, but to be honest we are happy to move on here.

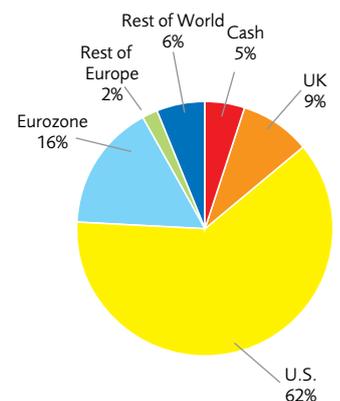
Johnson Controls (JCI), a business that makes and supplies heating and cooling systems, is acquiring Tyco in reverse merger that creates value via \$500m of cost synergies and \$150m in tax synergies as a result of JCI moving their tax domicile to Ireland. With an annualised return of 18.8% over our 5 year and 4 month ownership period of these assets, versus the market's 12% annual equivalent, we consider this a very satisfactory outcome.

Equity Sector Distribution %

Sector	%
Financial	21.8%
Telecomms & Technology	20.1%
Pharmaceuticals	11.7%
Consumer Cyclical	11.7%
Energy	9.2%
Consumer Staples	8.4%
Industrial Commodities	5.6%
Industrial Services	4.6%
Capital Goods	3.8%
Utilities	3.1%

Top 10 holdings %

Company	%
DCC	3.36%
Fair Financial	2.99%
Berkshire Hathaway	2.99%
CRH	2.75%
Owens Inc	2.55%
McDonalds Corp	2.41%
Johnson & Johnson	2.36%
Federated Inv Inc	2.32%
Nike Inc	2.21%
Leucadia Natl Corp	2.15%



Bid/Exit price at 31/03/2016
189.60

***Past Performance**
1 Year - -6.93
2 Years - 9.43
5 Years - 8.69
10 Years - 1.91

Source MoneyMate ©

Summit Global Leaders Fund

Review

In a volatile quarter for global stock markets, the Utilities and Telecommunications sectors were relative outperformers as the market focused on their cash flow generation and dividend yield attractions. The Financials and Healthcare sectors were relative laggards during the period.

Verizon, the US telecommunications company, climbed +17.0% in local currency during the quarter. Results for the fourth quarter of 2015 were solid with 2016 guidance as expected and no signs of increasing competition. This reaffirmed the stock's defensive nature with stable cash generation and an attractive dividend yield.

AT&T, the US telecommunications company, rose +13.8% (lc) in the opening three months of the year. Similar to Verizon, the dividend yield, strong cash flow generation characteristics and reasonably stable competitive environment have proved attractive in a volatile stock market.

Oracle, the US technology company, was up +12.0% (lc) in the first quarter. Recent quarterly results highlighted strong growth in its cloud offering which is more than offsetting declining license sales and driving the top line. The installed base of database customers is increasing. Software updates and support revenues continue to rise at a steady clip.

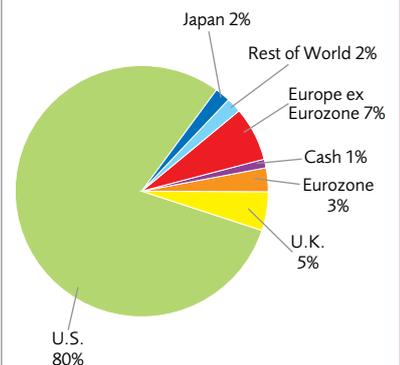
No new stocks were added to the portfolio during the first quarter.

Equity Sector Distribution %

Sector	%
Technology	30.66%
Pharmaceuticals	14.57%
Consumer Staples	12.53%
Financial	10.49%
Energy	10.34%
Telecomms	8.33%
Consumer Cyclicals	7.66%
Capital Goods	5.42%

Top 10 holdings %

Company	%
Apple	6.86%
Microsoft	5.00%
Exxon Mobile	3.92%
Johnson & Johnson	3.37%
General Electric	3.37%
Berkshire Hathaway	3.03%
Facebook	2.91%
AT & T	2.72%
Nestle	2.71%
Amazon	2.66%



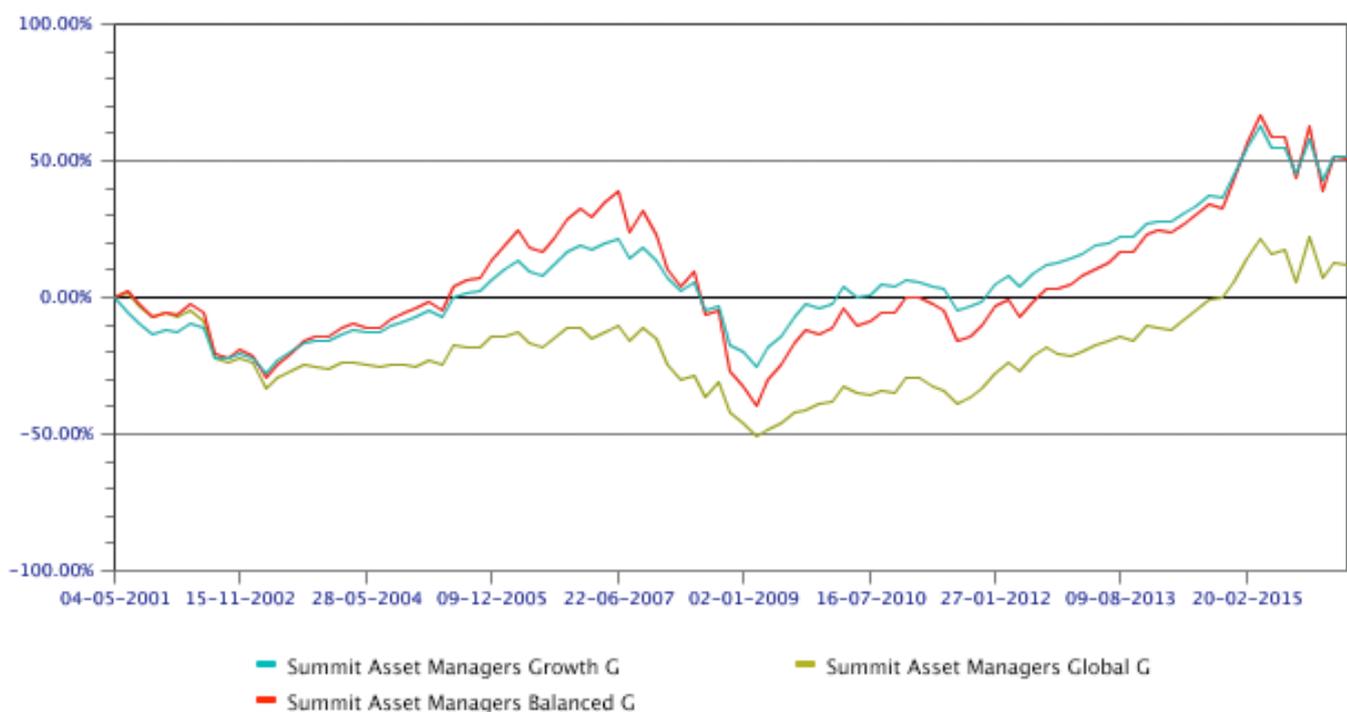
Bid/Exit price at 31/03/2016
141.70

***Past Performance**
1 Year - -5.50
2 Years - -11.79
5 Years - -10.13
10 Years - 2.48

Source Moneymate ©

Fund Performance

Performance Report - Performance - 04/05/2001 to 31/03/2016



Despite the weakness in global equity markets at the beginning of 2016, we believe equity markets are supported by a number of factors.

Fundamentals in terms of a positive economic growth backdrop, despite growth being modest, and rising earnings are supportive of equities. Our belief is that concerns related to the growth outlook in China and its possible contagion to the global economy are overdone. Leading indicators still suggest global growth of 2.5/3.0% is likely in 2016. Historically global GDP growth of 2.5/3% is associated with global earnings growth of 5%+ and if growth remains in the range in which it has been over recent years, global earnings should rise in 2016. On a 12 month forward P/e basis, global equities are in line with their long term average levels. If the P/e multiple remains stable, equities can rise in line with the level of earnings growth. Equity valuations are slightly below long term averages on a p/book and dividend yield basis. Equities are extremely attractive relative to other asset classes such as bonds and cash given the low absolute yields available on these assets. The economic, inflation and interest rate backdrop we believe are supportive of current valuation multiples.

In the Eurozone, over the medium to long term, peripheral bonds are expected to outperform core bonds with spreads against Germany likely to narrow further on the back of the ECB's asset purchases.

Monetary policies remain accommodative with global central banks' balance sheets continuing to expand even after the ending of QE3 in the US while interest rates have remained lower for longer than they historically have at this stage of the cycle, facilitated by ongoing low levels of inflation. Even in the US where interest rates have begun to rise, the rate tightening cycle is expected to be much more gradual than has been the case previously. The ECB has extended its asset purchases by at least six months to March 2017 and expanded the size of asset purchases to €80bn per month. The Bank of Japan is expected to announce additional policy measures in coming months although these are unlikely to include further cuts in the deposit rate. The maintenance of accommodative monetary policies should be supportive of equities.

Flows into equities have generally been positive in recent years, notwithstanding outflows during the recent turmoil in markets, and are expected to remain positive over time given switching by investors into what is seen as an attractive asset class which should continue to benefit from improving fundamentals and better growth prospects. Corporate managements remain disciplined and maintain a focus on shareholder value which should also be supportive of equity markets.

Given the strong rally in equities in recent years and with consensus earnings growth forecasts of only 4/5% expected this year, gains in equity markets could be more modest in 2016 than in recent years, Returns from global equities of mid-single digits are expected in 2016 with less scope for gains being boosted by a weaker Euro which has already fallen significantly since the middle of 2014. Given the decline in equities year to date, this suggests high single digit gains are possible from current levels over the course of the year.

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