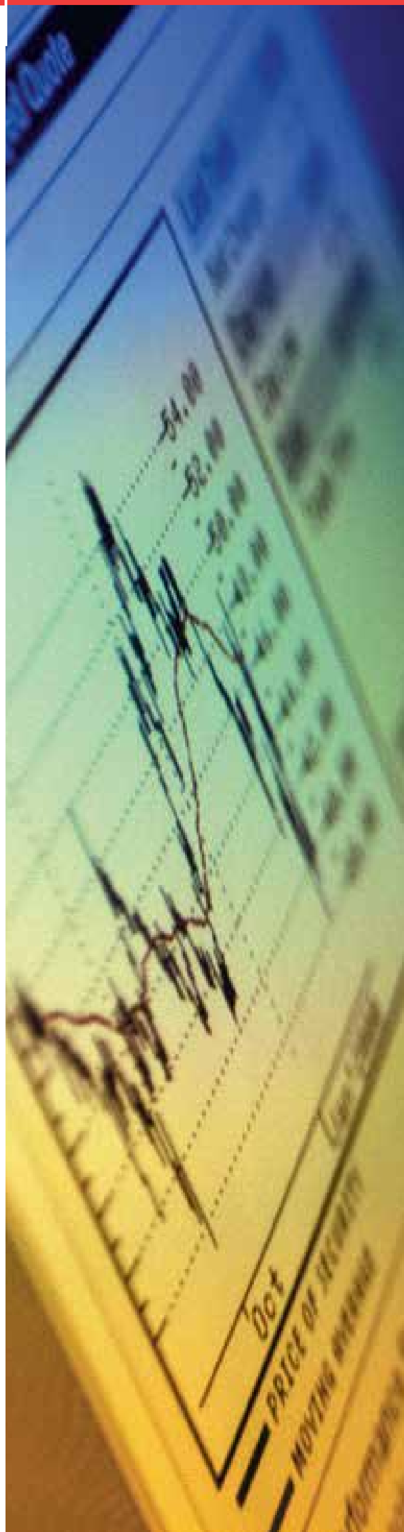
January 2017

Summit Investment Funds

Fourth Quarter 2016



Markets

One of the key drivers of markets during the quarter was the election of Donald Trump as US President. Despite previous concerns regarding the possible negative economic consequences of Trump's trade proposals, markets quickly focused on the potential positive impact of his fiscal proposals with growing expectations that corporate tax reductions and increased infrastructure spend would provide a lift to US and global growth. Equity markets rallied post the election into year end on expectations of stronger growth and earnings on the back of policy measures under the new Trump Presidency. Equity markets received additional support from better economic news flow which showed that even prior to the election, US and global growth were already displaying signs of improving momentum in the second half of the year.

Bonds on the other hand were weaker with global yields rising, most notably in the US and UK. Yields rose as growth and inflation expectations increased and central banks became more hawkish and showed less commitment to maintaining the accommodative policies of recent years. The expected increased issuance of bonds due to additional fiscal spending also contributed to the rise in yields.

In the UK, the adoption of a 'hard Brexit' stance by the UK government gave rise to renewed uncertainty over the medium to long term impacts on the UK economy of the vote to leave the EU. However, a court ruling that the UK parliament had a right to vote on the issue, continued resilience in UK economic data and some apparent softening in the UK governments stance helped ease these Brexit related concerns towards quarter end. Elsewhere, on the political front, the rejection of the Italian senate reform referendum had a limited impact on markets as there appeared to be no imminent threat of anti EU parties gaining power as a new Italian Prime Minister was appointed and early elections were avoided.

Over the quarter, the MSCI AC World equity benchmark rose 4.2% (7.9% in €). Equity markets were partly supported by the better than expected earnings reporting seasons across the globe as earnings on a year/year basis were positive for the first time in five quarters as previous difficulties in the materials and energy sectors began to fade with the recovery in commodity prices. Japan rose 15.0% (6.4% in €) benefiting from a decline in the Yen which was positive for exporters. Similarly European equities rose 6.2% (6.4% in €) as the Euro weakened over the period. Emerging markets underperformed, falling -1.4% (+2.2% in €) impacted by fears over possible trade restrictions being imposed at some point by President Trump and also by the stronger dollar and higher US yields which are negative for investment flows to emerging markets. Pacific Basin equities also lagged for similar reasons, rising 1.3% (3.7% in €).

The Euro fell against the US dollar over the quarter from 1.124 to 1.052 as the Fed raised interest rates in December for the second time this cycle by 0.25% and indicated three further rate hikes in 2017 as opposed to the two previously suggested. Expectations of faster US growth, higher inflation and higher bond yields following anticipated policy announcements by President Trump in 2017 also contributed to the stronger US dollar. Political uncertainties in Europe ahead of a number of key elections in 2017 and the extension of ECB asset purchases to at least December 2017 also led to weakness in the Euro. Commodities rose 5.8% (12.6% in €) with WTI oil rising 11.4% as OPEC reached an agreement to cut production levels as individual country quotas were agreed upon in late November.

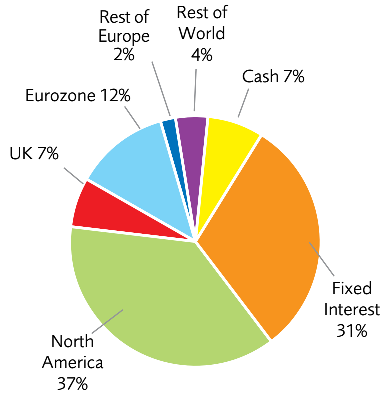
Summit Balanced Fund

Review

Unilever the global food, household products and personal care company is the maker of Ben and Jerry's ice cream and Dove soap was purchased during the quarter. Strong local and global brands have been built up and / or acquired over many years, allowing it charge premium prices and generate steady mid-teens operating profit margins that its unbranded competitors can only dream of. Unilever has an attractive geographic spread, with a mix of mature markets in Europe combined with substantial exposures to Asia, Africa and Latin America. Altogether, emerging economies with a growing middle class and a propensity to buy western-branded goods account for around 60% of group sales. The recent slowdown in some Asian and LatAm economies, coupled with a post-Trump investor rotation into lower quality companies resulted in a fall in Unilever's share price during Q4. A position in the stock was initiated

Equity Sector Distribution	%
Financial	21.95%
Telecomms & Technology	20.09%
Pharmaceuticals	11.42%
Consumer Cyclicals	9.27%
Energy	8.78%
Consumer Staples	8.15%
Industrial Commodities	6.11%
Capital Goods	6.05%
Industrial Services	5.29%
Utilities	2.90%

Top 10 holdings	%
CRH	1.96%
Berekshire Hathway	1.88%
DCC	1.83%
Owens	1.82%
Oshkosh	1.65%
Leucadia Natl Corp	1.64%
Fairfax	1.45%
Federated Invs	1.43%
Samsung Electronic	1.36%
Johnson & Johnson	1.34%



Bid/Exit price at 31/12//2016

294.20

***Past Performance**
1 Year – 7.71
2 Years – 5.79
5 Years – 8.31
10 Years – 2.85

Source Moneymate ©

Summit Growth Fund

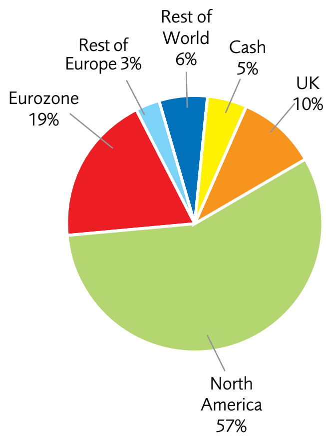
Review

During 2016 the fund became an owner in nine new companies, while exiting six holdings. That brought the number of fund holdings to 87 at year end. The new stocks were around half the average stock weight in the fund at year end (0.6% v's 1.1%), partly because in some cases we are patiently waiting for a more opportune time to buy more.

During the quarter we purchased the Franco-German group Euler Hermes is the global leader in credit insurance, accounting for around one-third of this market niche by premiums. Its business is managing and insuring trade credit receivables on behalf of (non-financial) businesses. The credit insurance industry is highly consolidated, being dominated by Euler Hermes and two other European companies Atradius and Coface, who together make up 75-85% of the global market. In our opinion, Euler Hermes is the best run of the three large credit insurers, with a long record of impressive profitability (including avoiding a loss in the financial crisis). Industry losses stemming from unpaid Asian receivables over the last 12-18 months clipped profits at Euler (and its peers), but we believe this will prove irrelevant to firm value over the long term. The lower share price provided an attractive entry point for us to start building a position.

Equity Sector Distribution	%
Financial	22.04%
Telecomms & Technology	20.11%
Pharmaceuticals	11.30%
Consumer Cyclicals	9.37%
Energy	8.81%
Consumer Staples	8.08%
Industrial Commodities	5.97%
Capital Goods	5.96%
Industrial Services	5.23%
Utilities	3.13%

Top 10 holdings	%
Berkshire Hathaway	2.96%
CRH	2.95%
DCC	2.84%
Owens	2.75%
Leucadia Nat Corp	2.58%
Oshkosh Truck	2.47%
Fairfax	2.28%
Federated Inv	2.25%
Samsung Electronic	2.09%
Johnson & Johnson	2.07%



Bid/Exit price at 31/12/2016

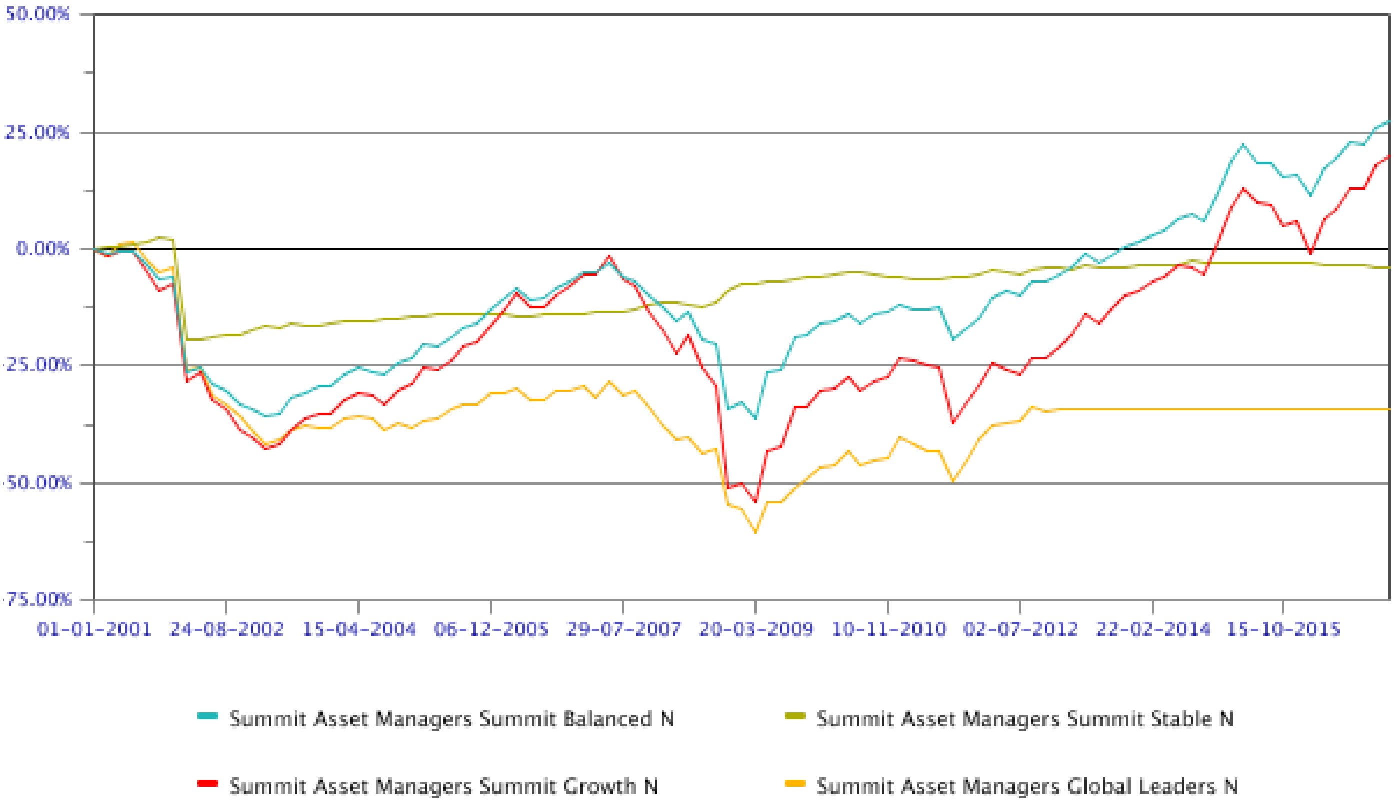
330.00

***Past Performance**
1 Year – 9.90
2 Years – 7.60
5 Years – 11.20
10 Years – 2.23

Source Moneymate ©

Fund Performance

Performance Report - Performance - 01/01/2001 to 31/12/2016



Presented by: MoneyMate Limited
The figures shown are based on the following:
Local Currency, Offer to Offer, Gross income re-invested on Ex-dividend date
Past performance is not necessarily a guide to future performance; Unit prices may fall as well as rise

Investment Outlook

Equity Outlook

Global equity markets recovered from the lows of early February 2016 which were associated with concerns over Chinese growth and ended the year up close to double digits in local currency terms. More recently, equity markets at the headline level have generally reacted positively to the election of Donald Trump as US President and shown mid-single digit gains since the election although within equity markets there has been more significant rotation between sectors with cyclical related stocks outperforming on hopes of improved growth at the expense of more defensive areas of the market.

An improving global economic backdrop in recent months combined with the recent election of Donald Trump as US President have changed the potential outlook for equity markets in 2017. Wider tail risks are now evident depending on the policy path adopted by the new US administration and the path of global growth.

On the upside, greater fiscal stimulus is now likely although, there is still a lack of detail regarding the actual fiscal programme which will be implemented in the US. Fiscal multipliers are also likely to be relatively low in any fiscal programme which is eventually announced given the current stage of the US economic cycle and the specific tax measures which are currently on the table. Thus the potential boost to US GDP growth from the ultimate fiscal programme implemented is likely to only be in the region of 25/30bps which is more modest than some are currently expecting. As a result the overall boost to global economic and earnings growth from any US fiscal package, while positive, is expected to be modest.

Notwithstanding, any positive boost from a US fiscal package, US and global economic data has already been stronger than expected in recent months, suggesting global growth in 2017 can move towards the top end of the 2.5/3% range. With an expected recovery in global earnings as a result of the improving growth backdrop and an earnings rebound in sectors such as energy, commodities and financials as sector specific fundamentals improve, equities can generate positive returns over 2017, especially as equities remain relatively attractive on a valuation basis compared to bonds and cash. Recent evidence of improved flows into equity funds is also supportive of equity markets. Volatility is likely to remain a feature in markets through 2017. In terms of the expected return from global equities in 2017, mid-single digit returns in local currency terms is considered as being the most likely outcome although there are probably more risks than usual around this expected return

Bond Outlook

Global and European sovereign bond yields generally hit new all-time lows immediately after the Brexit referendum in July 2016. Since then global bond yields have drifted higher on the back of improving global growth in the second half of 2016 and a rise in inflation due to the base effects of higher oil prices in 2016 compared to 2015.

This trend towards higher yields was exacerbated by Donald Trump's election as US President. The expectation of a boost to US and global growth through fiscal stimulus has contributed to a further rise in inflation expectations and hence higher yields. In addition, the expected reduction in global central bank monetary policy accommodation in 2017 and anticipated increased issuance of US bonds to fund the additional fiscal spending has led to higher yields, particularly in the US with 10 year Treasury yields rising to 2.44% which in turn has pulled global bond yields higher.