July 2013

Summit Investment Funds

Quarterly Review

Markets

Investment markets were more volatile in the second quarter, particularly from the middle of May as the US Fed began to outline the conditions under which it would begin to reduce the level of asset purchases under QE3. Markets are expecting the tapering to begin in September. Prior to that, markets had continued to make progress, boosted by the announcement of a significant monetary stimulus package in Japan, interest rate reductions from a number of global central banks including the ECB and improving economic news flow from May onwards. China however was an exception as data showed signs of slowing momentum in the economy even though it remains high in absolute and relative terms with GDP forecasts of 7/7.5% for 2013. In June, apparent back tracking by the ECB in relation to further interest rate cuts and earlier proposals to improve the flow of credit to the economy, a legal challenge to the ECB's bond buying programme and political tensions in Greece all added further to the uncertainties created by the debate over the timing of the beginning of the exit from QE3. Markets did rally towards quarter end as weaker first quarter GDP figures in the US opened the possibility of a delay to the beginning of QE3 tapering. Over the quarter, the FTSE® World equity benchmark rose 1.6% in local currency (-1.0% in €) with Japan gaining 10.2% (3.1% in €) while the US rose 2.8% (1.6% in €). Pacific Basin equities fell -2.4% (-8.9% in €) while emerging markets fell -4.1% (-8.9% in €).

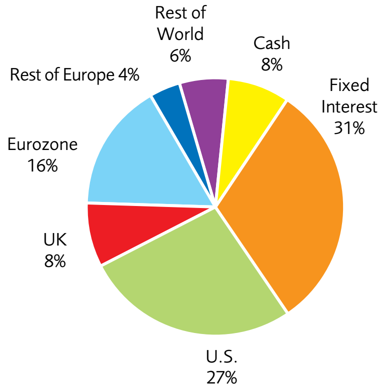
During the quarter, sector performance was quite mixed with no clear trends among sectors. Consumer discretionary stocks outperformed as economic data improved through the quarter. Financials outperformed following a better than expected reporting season in the US and rising yields which should improve margins. Healthcare stocks also outperformed on company specific news flow and defensive characteristics when markets fell from the middle of May. Commodities and energy stocks underperformed given pressure on commodity and oil prices. Consumer staple stocks also underperformed.

Summit Balanced Fund

Review

Stocks which were bought during the quarter included UBM, a UK market service and data provider. Its main business is exhibitions which boast attractive growth prospects aided by globalisation of trade and rising exhibition space capacity. The company also has significant emerging market exposure with a particularly strong presence in China. ENI, the Italian oil and gas company was bought with the stock trading at multiyear low valuations levels. The delivery of new upstream projects such as an oil field in Kazakhstan should result in above sector average production and cash flow growth. Its project pipeline provides a relatively attractive growth profile and transparency. Restructuring of gas contracts should eliminate losses in its gas and power segment.

Stocks which were sold included Reed Elsevier, the provider of professional information, Statoil, the Norwegian oil company.



Equity Sector Distribution	%
Capital Goods	21.70%
Financial	13.70%
Consumer Staples	13.20%
Technology & Telecomms	11.00%
Pharmaceuticals	10.00%
Energy	8.70%
Consumer Cyclicals	8.00%
Industrial Commodities	6.50%
Industrial Services	4.20%
Utilities	3.00%

Top 10 Holdings	%
Ryanair	1.02%
CRH	0.97%
HSBC	0.79%
Kerry Group	0.77%
Exxon Mobil	0.76%
Microsoft	0.64%
Novartis	0.64%
Nestle	0.64%
Shell	0.62%
IBM	0.57%

Bid/Exit price at 30/6/2013

227.10

***Past Performance**

1 Year – 7.92
2 Years – 5.91
5 Years – 3.54
10 Years – 3.72

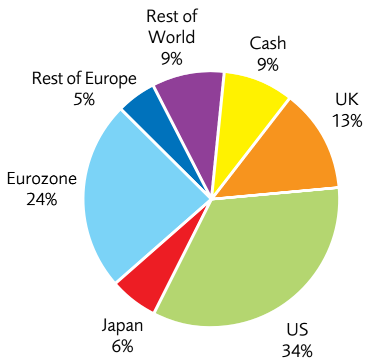
Source Moneymate ©

Summit Growth Fund

Review

Stocks which were bought during the quarter included Duke Energy, the US utility was bought, offering favourable valuation metrics. The completion of a merger with Progress Energy should deliver cost synergies and facilitate management of regulated rate cases to support investments made by both entities. Resolution of operating and regulatory risk associated with a new build coal plant and the retirement of a nuclear plant in Florida reduce operating and financial risk at the company. Exelon, the US utility services company was purchased. It offered good relative value on what are seen as trough earnings. Unregulated power prices are seen as having upside potential as current pricing and new emission standards result in competitor capacity being closed. In regulated businesses, the merger with Constellation allows for synergies that result in returns being generated closer to the allowed regulated levels. A dividend cut has stabilised the balance sheet.

Stocks which were sold included Pepco and Southern Co two US utility stocks.



Equity Sector Distribution	%
Consumer Goods	15.84%
Financial	13.70%
Consumer Staples	11.28%
Technology & Telecomms	10.93%
Pharmaceuticals	9.96%
Energy	8.68%
Capital Goods	8.29%
Consumer Cyclicals	8.03%
Industrial Services	6.67%
Industrial Commodities	6.61%

Top 10 Holdings	%
Ryanair	1.59%
CRH	1.54%
HSBC	1.17%
Kerry Group	1.17%
Exxon Mobil	1.14%
Microsoft	1.14%
Nestle	0.96%
Novartis	0.95%
Shell	0.89%
IBM	0.87%

Bid/Exit price at 30/6/2013
235.00

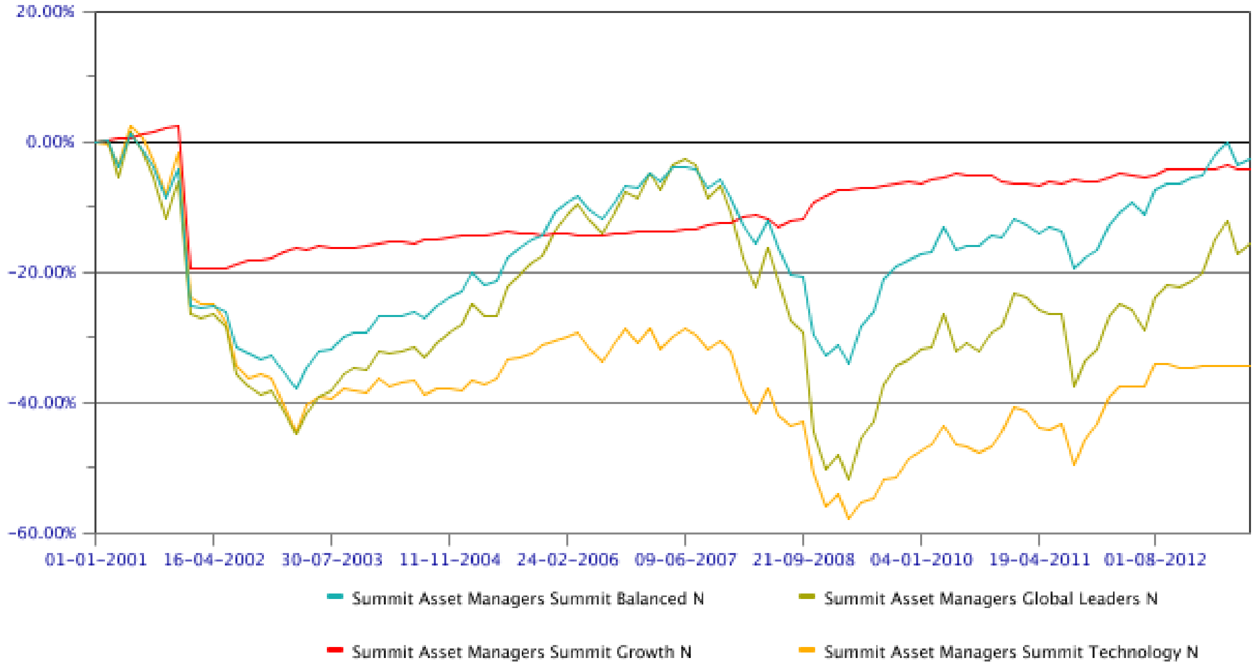
***Past Performance**

1 Year – 14.83
2 Years – 7.00
5 Years – 2.04
10 Years – 3.31

Source Moneymate ©

Fund Performance

Performance Report - 01/01/2001 to 01/07/2013



Investment Outlook

Momentum in the global economy improved early in 2013 despite indications at the beginning of the second quarter that the pace of growth had eased and a temporary soft patch might be in the offing. This should prove to be transitory with a pick-up in growth expected again later in the year with releases through May and June generally showing a more positive tone in developed markets.

Investment markets have been supported by the unprecedented level of monetary stimulus being provided by global central banks in an effort to improve the growth outlook for global economies. This has been most notable in the US where the third Quantitative Easing (QE3) programme was launched by the Federal Reserve in September 2012. However, the Federal Reserve has indicated that the level of asset purchases under QE3 will begin to be reduced later this year if the economy develops in line with their expectations and will cease in mid 2014 if developments remain favourable.

Consumer balance sheets are strong in the US and the housing market remains firm. The substantial level of monetary support from global central banks, which remain committed to generating growth, should ensure any easing in growth will be modest and short lived. Japan continues to how signs of stabilisation as industrial production are increasing modestly, bank lending continues to grow, consumer confidence is up and business sentiment surveys are improving. Recent data from the UK has also been stronger as it avoided a triple dip recession withfirst quarter GDP growing 0.3% while industrial production, services and manufacturing readings are also improving. In Europe, sentiment surveys have again improved in recent months while some hard economic data has also turned positive. Emerging markets and China however have shown signs of slowing growth momentum. Growth forecasts for China have moderated although on an absolute and relative basis remain strong with GDP growth forecasts around 7/7.5% for 2013.

Overall, investment markets should continue to benefit from the supportive policies of global central banks and moves to reduce the tail risks across Europe. Economic momentum should improve again later in the year and would be supportive of equity markets which remain attractive on valuations terms both in absolute terms and relative to other asset classes, even after gains since the middle of 2012. Markets will remain sensitive to political and economic news flow, particularly in relation to monetary stimulus programmes which could cause some negative surprises from time to time, but overall equity markets should continue to move higher.

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