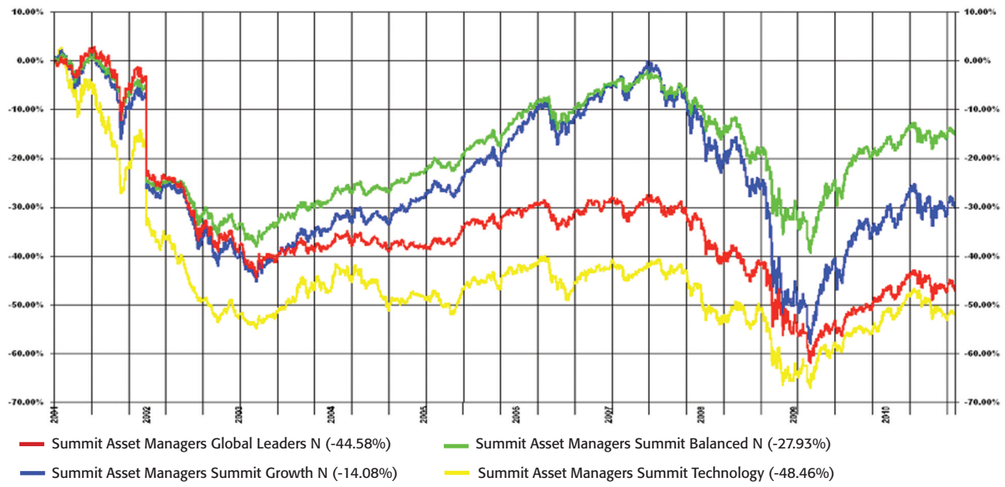
Fund Performance

Performance Report - 01 January 2001 to 30th September 2010



Investment Outlook

Over the past few months, it has been acknowledged that the global recovery is on track for a slower upturn than seen during a normal cycle. The risks have increased that there will be a double dip recession, although it is not our base case scenario. Business confidence continues to point towards economic expansion. However, the high level of unemployment in many of the advanced economies and the continued effort by consumers to pay down their debts will result in a slower economic recovery. The IMF has predicted that in 2011 global growth will slow from 4.6% to 4.3%. This weaker growth environment is particularly noticeable in the advanced economies where growth is expected to slow from 2.7% in 2010 to 2.2% in 2011. This is expected to be somewhat offset by the continued robust performance of emerging economies which are expected to grow by 6.4%, albeit down from the 7.2% in 2010.

As a result of the slower growth outlook, corporate earnings forecasts for 2011 are at risk of being downgraded, especially during the third quarter reporting season. However, there is continued optimism about forecasts for 2010. This improved outlook for 2010's earnings has not been reflected in equity prices and therefore valuations have moved back to an attractive level particularly versus the historical long run averages. However these valuations can be explained by investor risk aversion.

One other point to note is that the corporate balance sheet is in a much stronger position than either households or consumers as companies have been hoarding cash through the crisis.

30th September 2010

Summit Investment Funds

Quarterly Review

Markets

The third quarter proved to be volatile for equity markets although most major markets showed solid gains over the period.

In Europe, there was relief when the vast majority of European banks passed the stress test with the capital required by those that failed only €3.5bn, considerably less than some prior forecasts. Later however, some doubts were raised over how rigorous the tests actually were and whether the assumptions used were overly optimistic which contributed to weakness across the European banking sector in the middle of the third quarter. An announcement to ease some of the capital and liquidity requirements initially proposed in Basle 3 in terms of elements that would be excluded from capital calculations was a positive for the banking sector and market, particularly in Europe where initial proposals had looked onerous for some banks.

Sovereign debt concerns ebbed and flowed through the quarter. Spreads initially tightened when a number of countries successfully completed bond auctions, the Euro recovered and there were some better than expected fiscal data points from Greece. Peripheral bond spreads began to widen as concerns grew over additional government capital injections into Anglo Irish Bank here in Ireland and the S&P downgrade of Ireland's credit rating. Contagion from Ireland spread to other bond markets such as Portugal, Italy and Spain which saw their spreads widen against German yields. By quarter end, spreads had narrowed in Spain and Italy but remained close to historic highs in Ireland and Portugal as investors began to differentiate between the peripheral countries, with those where the fiscal positions were seen as posing greater risks and were more difficult to reduce being penalised more. Economic releases over the three months were very mixed with those at the start being very weak and suggesting a double dip was possible while towards the end, some stability emerged in economic data with positive surprises emerging. While uncertainty remains in terms of the level of growth with forecasts being revised downwards, the risks of a double dip were seen as having reduced by the quarter end.

In the US the Fed, which previously had been suggesting it was close to exiting some of the stimulatory supports it had introduced since the onset of the financial crisis, announced it would reinvest proceeds from maturing Mortgage Backed Security investments in longer term Treasuries. It also gave a strong indication that it was ready to provide further monetary stimulus in the near term, highlighting that lower inflation readings justified the move rather than any concerns or indications of negative growth. The ECB extended emergency funding for banks into 2011, easing liquidity concerns into year end. Takeover activity across a number of sectors and geographies was a feature over the three months and also supportive of markets overall.

Summit Balanced Fund

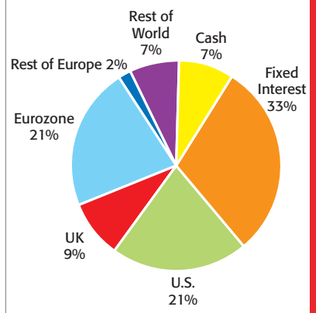
Review

Stocks which were bought during the quarter included, **Invensys**, the UK capital goods company with interests in rail systems. The rail order book has been strong with a good possibility of winning a renewed London underground contract. Nexen, an energy company was also purchased. The company is set to deliver sustained synthetic crude oil, is leveraged to global oil projects and thus higher prices and has positive data and news flow for a number of wells.

Stocks sold through the period included **Anglo American**, a metals and mining company, **Rexam**, the packaging company, **Meggitt**, the aerospace and defence company, **Philip Morris**, the tobacco company.

Equity Sector Distribution	%
Capital Goods	21.69%
Financial	11.83%
Industrial	11.50%
Consumer Staples	11.26%
Technology & Telecomms	10.45%
Energy	8.81%
Consumer Cyclicals	8.63%
Pharmaceuticals	8.43%
Insurance	3.83%
Utilities	3.57%

Top 10 Holdings	%
CRH	1.16%
Ryanair	1.01%
HSBC	0.92%
Novartis	0.71%
Kerry Group	0.69%
Aryzta AG	0.63%
Rio Tinto	0.62%
Glaxosmithkline	0.58%
BP	0.58%
Exxon Mobil	0.58%



Bid/Exit price at 30/09/2010
198.10

*Past Performance
1 Year – 3.81
2 Years – 4.92
5 Years – -0.15
10 Years – -1.82

Source Moneymate ©

Summit Growth Fund

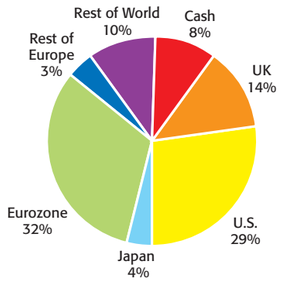
Review

Stocks which were bought during the quarter included **Vedanta Resources**, the UK listed metals and mining company. It offers one of the best growth profiles among UK resource stocks, stable margins, a strong balance sheet, has valuable Indian assets and is seeking to simplify the corporate structure which should unlock value. **Medtronic**, which makes cardiac pacemakers and external defibrillators, was bought. The stock has been derated and appears cheap with concerns over slower growth in some products fully discounted in the price. The stock offers a double digit free cash flow yield and scope for a new product cycle.

Stocks sold during the quarter **Newfield Exploration**, an oil and gas company and **Zurich Financial** Services, the insurance company. We also reduced our position in **Potash**, a fertilizer company, following a bid from **BHP** for the stock.

Equity Sector Distribution	%
Capital Goods	16.39
Financial	15.84
Consumer Cyclicals	12.58
Consumer Staples	11.29
Technology & Telecomms	10.66
Energy	9.07
Pharmaceuticals	8.65
Industrial Commodities	7.98
Industrial	3.89
Utilities	3.65

Top 10 Holdings	%
CRH	1.82%
Ryanair	1.59%
HSBC	1.42%
Novartis	1.11%
Kerry Group	1.09%
Aryzta	1.00%
Exxon Mobil	0.89%
BP	0.88%
Rio Tinto	0.88%



Bid/Exit price at 30/09/2010
194.70

*Past Performance
1 Year – 4.84
2 Years – 2.72
5 Years – -3.13
10 Years – -3.85

Source Moneymate ©

Summit Global Leaders Fund

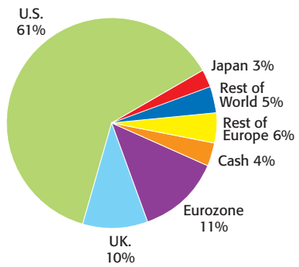
Review

During the quarter we bought **Schlumberger,** the oil services company. Within the sector, it offers best in class returns, is recognised as having excellent product lines, strong management and a diverse geographic footprint. **Goldman Sachs** was bought. Following weakness due to regulatory uncertainty and fraud charges brought by the SEC, the stock looked cheap. The fraud charges have been settled while the franchise remains strong and the company is a global leader in the investment banking space with an excellent track record of outperformance and astute positioning.

Over the quarter, **BP** rose 34.2% as it successfully plugged the oil leak in the **Gulf of Mexico**. It also announced plans to appoint a new CEO. **Oracle** rose 25.1% as results beat expectations as database software revenues and server sales were strong, benefiting from the IT spending recovery.

Equity Sector Distribution	%
Telecomms & Technology	26.88%
Energy	18.40%
Pharmaceuticals	14.21%
Consumer Staples	12.54%
Financial	12.24%
Capital Goods	10.92%
Industrial Commodities	1.93%
Consumer Cyclicals	1.73%
Utilities	1.16%

Top 10 Holdings	%
Exxon Mobile	4.60%
Apple Computers	3.79%
Microsoft	2.81%
Nestle	2.68%
HSBC	2.67%
General Electric	2.62%
Johnson & Johnson	2.58%
Procter & Gamble	2.58%
IBM	2.57%



Bid/Exit price at 30/09/2010
83.20

*Past Performance
1 Year – 7.24
2 Years – -2.63
5 Years – -5.00
10 Years – N/A

Source Moneymate ©

Summit Technology Fund

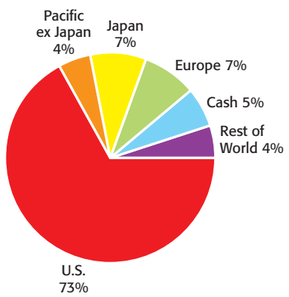
Review

Over the quarter the technology sector fell approx 0.7% in Euro terms. The weaker US dollar limited gains over the period.

During the quarter we bought **Motorola**. The company is proving to be more innovative than other mobile phone manufacturers in terms of developing new smartphones. Sales and margins are increasing as the product mix improves. Guidance for the quarter was upbeat. The company is splitting itself early in 2011 into two units, a mobile and home division entity and enterprise mobility solutions unit which should realise greater value for shareholders.

Over the three months, **Qualcomm**, the mobile phone chip manufacturer, gained 37.4% as it raised its guidance for the year by approx 4% indicating that average selling prices were increasing due to a shift to higher priced smartphones which it reiterated at investor meetings through the quarter. New product launches early in 2011 should further improve its leading position in the industry

Top 10 Holdings	%
Apple	9.04%
IBM	8.46%
Microsoft	7.77%
Hewlett Packard	5.88%
Oracle	4.58%
Qualcomm	4.46%
Google	4.37%
Samsung	4.36%
Intel	3.99%
Cisco	3.96%



Bid/Exit price at 30/09/2010
71.50

*Past Performance
1 Year – 6.19
2 Years – 4.07
5 Years – -3.12
10 Years – -7.90

Source Moneymate ©