

Summit Mutual Funds

First Quarter 2019

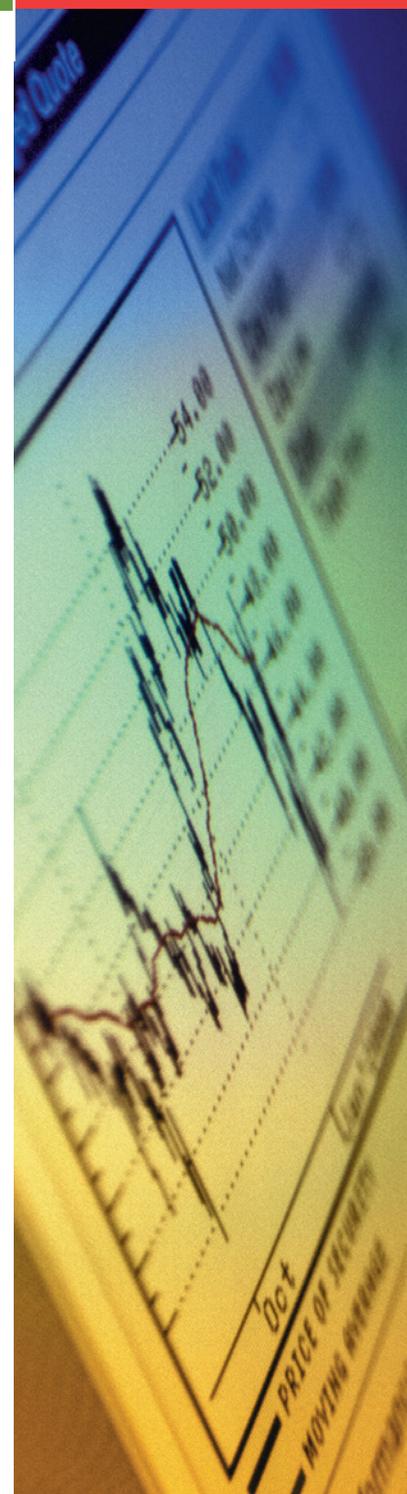
Following sharp falls in Q4 of 2018, global equity markets rebounded strongly in the first quarter of 2019, recovering the losses experienced at the end of last year. Two main developments contributed to the rebound in markets. First was the policy pivot announced by the US Fed when it announced plans to leave interest rates unchanged in 2019 compared to its year end guidance of two rate rises this year. The Fed also indicated that in September it will end the current process whereby it is reducing the size of its balance sheet by \$50bn per month. Other global central banks followed the Fed's lead and also adopted more dovish policy stances. The resultant easing of previous concerns in relation to potential excessive tightening by central banks through 2019 which was feared could result in recession was a key support for equity markets.

The second development which helped contribute to the gains in equity markets was growing hopes of a trade deal between the US and China. The potential for a trade agreement was viewed as a means of removing a significant overhang on global growth which had acted as a drag on activity through much of last year. A better than feared Q4 earnings reporting season and stabilisation in earnings forecasts also provided a boost to equity markets. Eurozone sovereign bonds benefited from a combination of the more dovish policy stance at the ECB, weak economic data across the region, persistent low inflation readings and political uncertainty related to Brexit.

Over the quarter, the MSCI AC World Equity Benchmark rose 12.4% (14.4% in €). The US rose 13.9% (16.0% in €) following the policy u-turn announced by the Fed and easing recessionary fears. Europe ex UK equities rose 12.6% (12.7% in €) similarly benefitting from the more dovish policy stance adopted by the ECB and growing hopes of a potential rebound in Chinese growth post any trade deal with the US given Europe's sensitivity to the Chinese economy. Japan lagged rising 7.8% (8.8% in €) as economic data disappointed while there were lingering concerns over the potential impact of the planned VAT increase scheduled for October. The UK also underperformed, rising 9.4% (13.9% in €) due to the ongoing Brexit related uncertainty.

Following an initial bounce on the back of dovish Fed commentary at the beginning of the year, the Euro generally drifted lower through the quarter, ending the period at 1.1218 against the US dollar. As with sovereign bond yields, weak economic news flow across the Eurozone, persistent low inflation readings, a more dovish ECB and political uncertainty related to Brexit all contributed to the weaker Euro through the quarter.

Commodities rose 15.0% (17.0% in €). WTI oil rose 32.4% as OPEC began to implement new production cuts announced at the end of 2018, tensions in Venezuela restricted oil supplies and production disruptions were also evident across other regions.



Summit Balanced Fund

Review

The positive start to 2019 for global equities continued into February with positive returns seen across all sectors. The Technology and Industrials sectors led the way. Relative laggards included the Telecoms and Consumer Discretionary sectors.

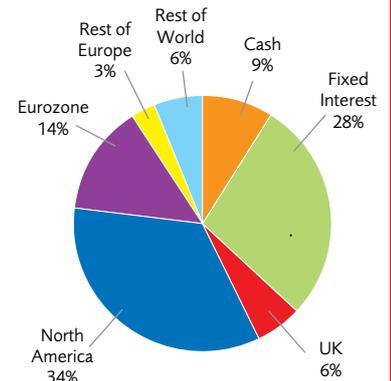
Portfolio Activity – Parmalat S.p.A is one of the largest milk and dairy products manufacturers in the world. We first took a position in the company back in 2011, on attractive valuation grounds. With the added optionality that the Lactalis Group, the controlling shareholder since 2011, would ultimately try to take the company private. During our holding period, we worked closely with other institutional shareholders to prevent the numerous attempts by Lactalis to buy-out the minority shareholders substantially below fair value. At the end of 2018, Lactalis finally exceeded the 95% ownership threshold resulting in the buy-out of minority shareholders. We had expected this to play-out sooner than it did but the buy-out price of €2.85 per share, represents a considerable premium to our original purchase price. We exited our position in 1Q 2019.

Equity Sector Distribution %

Sector	%
Communication Services	4.53%
Consumer Discretionary	10.57%
Consumer Staples	7.91%
Energy	7.20%
Financials	19.06%
Health Care	12.38%
Industrials	10.79%
Information Technology	18.38%
Materials	6.25%
Utilities	2.94%

Top 10 holdings %

Company	%
Microsoft	2.04%
Berkshire Hathaway	1.95%
DCC	1.85%
Owens Inc	1.67%
Oshkosh Truck Corp	1.60%
Lancashire Holdings	1.58%
Federation Investments	1.52%
Melrose Industrial	1.51%
CISCO System	1.47%
Jefferies Financial	1.42%



Bid/Exit price at 31/03/2019
229.50

***Past Performance**
1 Year - 7.87
2 Years - 2.90
5 Years - 6.92
10 Years - 9.10

Source Moneybate ©

Summit Growth Fund

Review

Keysight Technologies - After suffering a shutdown due to the Californian forest fires in early 2018. Keysight performed very strongly for the remainder of the year and indeed into 2019 buoyed by increasing demand for 5G, IoT and autonomous driving. They are the market leader in electronic test & measurement equipment and are executing very well in these new growth areas with the share price reflecting this strength.

Cisco Systems - The technology sector was the leading global sector in Q1 2019 and Cisco with its strong position in networking equipment, healthy balance sheet and attractive valuation performed very strongly. We continue to believe Cisco is very well positioned as we move to a digitally enabled world and the "Internet of Everything" leads to a more connected world.

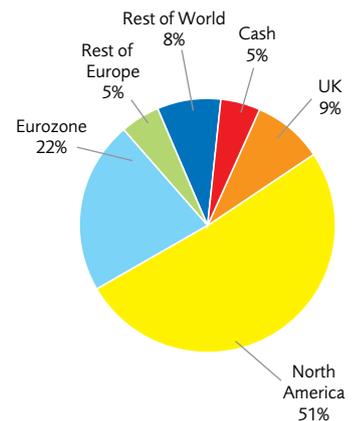
Origin Enterprises - Origin generates just over 50% of its revenues from the UK and the lack of visibility caused by Brexit, both in terms of possible near-term supply chain disruptions and medium-term changes to farm subsidies. This has resulted in a "why bother" market consensus view. There is also a level of uncertainty as to how the increasing adoption of technology on-farm will affect Origin's business model.

Equity Sector Distribution %

Sector	%
Communication Services	4.57%
Consumer Discretionary	10.79%
Consumer Staples	7.85%
Energy	6.98%
Financials	19.46%
Health Care	12.41%
Industrials	10.90%
Information Technology	17.82%
Materials	6.38%
Utilities	2.84%

Top 10 holdings %

Company	%
Berkshire Hathaway	3.00%
Microsoft	2.99%
DCC	2.96%
Owens Inc	2.61%
Oshkosh Truck	2.44%
Lancashire Holdings	2.34%
Federate Investment	2.34%
Melrose Indust	2.29%
CISCO Systems	2.19%
Jefferies Financial	2.09%



Bid/Exit price at 31/04/2019
247.80

***Past Performance**
1 Year - 11.24
2 Years - 3.95
5 Years - 9.37
10 Years - 12.28

Source Moneybate ©

Summit Global Leaders Fund

Review

Boeing - The US aircraft manufacturer, rose 14.7% in local currency (lc) in February. The company reported very strong results for the final quarter of 2018 with sales gains across its commercial aeroplanes, military and global service businesses. The order book is strong and operating cash flow is set to grow. Renewed optimism around a US-China trade deal also boosted the shares.

Philip Morris International - The US tobacco company, was up 13.3% (lc) in the period. Results for 2018 came in ahead of market expectations while the outlook for 2019 was also positive. After two years of margin declines, management expect expansion in 2019. The final quarter of 2018 saw a pick-up in volumes for its smokeless cigarette product IQOS across the EU and Russia.

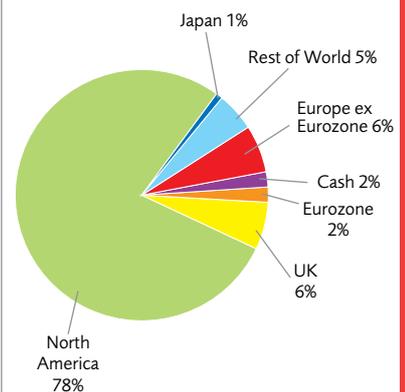
Intel -The US technology company, climbed 13.1% (lc) in the month. The new chief executive Bob Swan promised to bring discipline to its strategic bets. Intel has been moving to expand beyond its core business of making processors for PCs and servers which had prompted concerns about the company's capital allocation.

Equity Sector Distribution %

Equity Sector Distribution	%
Communication Services	11.38%
Consumer Discretionary	9.17%
Consumer Staples	10.45%
Energy	9.93%
Financials	6.04%
Health Care	15.51%
Industrials	3.64%
Information Technology	31.58%
Materials	2.30%

Top 10 holdings %

Top 10 holdings	%
Microsoft	7.73%
Apple	7.55%
Amazon	6.19%
Facebook	3.45%
Alphabet Inc	3.12%
Johnson & Johnson	3.08%
JP Morgan	2.97%
Exxon Mobil	2.89%
Nestle	2.54%
Visa Inc	2.52%



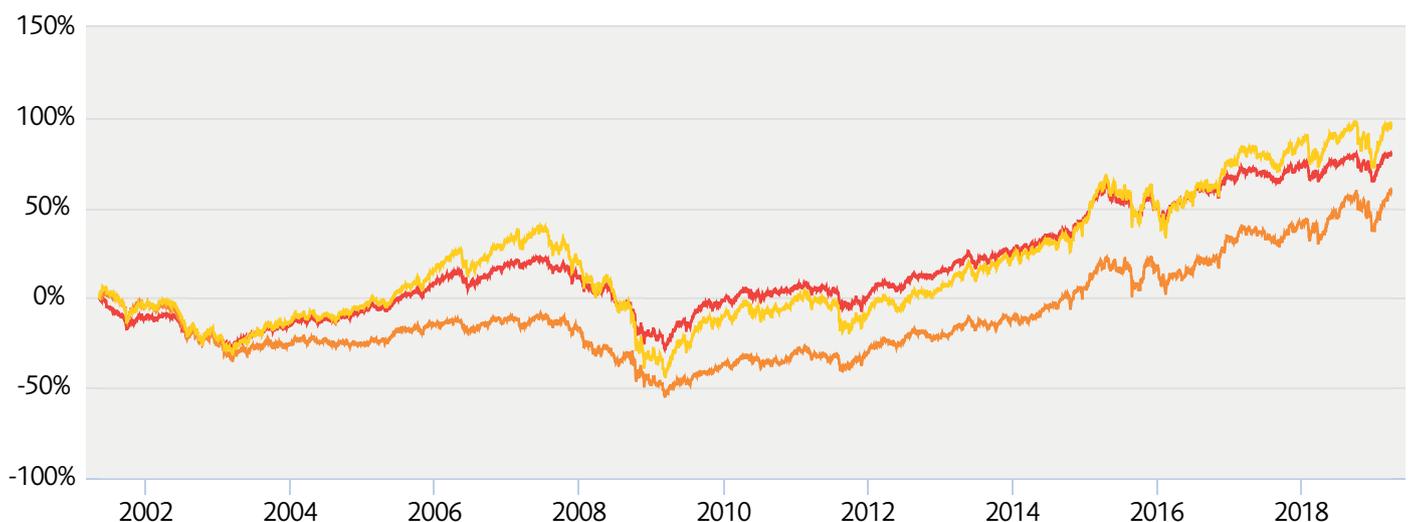
Bid/Exit price at 31/03/2019
203.40

***Past Performance**
1 Year - 20.07
2 Years - 7.87
5 Years - 12.40
10 Years - 12.58

Source Moneymate ©

Fund Performance

Performance Report - Performance - 06/05/2001 to 01/04/2019



● Summit Asset Managers Balanced G 80.73%

● Summit Asset Managers Global G 60.34%

● Summit Asset Managers Growth G 96.92%

Investment Outlook

Equity - 2018 proved to a very volatile and disappointing year for global equity markets. Despite hitting new all-time highs in late September, global equities experienced sharp declines in the fourth quarter, mainly due to rising concerns over the global growth outlook. These concerns were exacerbated by fears that continued tightening of US monetary policy by the Fed could contribute to a significant US slowdown or even recession in 2019. For the year, global equities declined -7.2% in local currency terms or -4.3% in Euro terms.

All these declines however have been recovered in the first quarter of 2019 with global equities rebounding 12.4% in local currency terms and 14.4% in Euro terms. Equities have rebounded as the US Fed announced a pause in interest rate rises in 2019, thus reducing potential risks to growth from tighter monetary policy. Other global central banks have also followed the Fed's lead and adopted more dovish policy stances in recent months. Growing hopes for a trade deal between the US and China also contributed to the easing of global growth concerns, which provided further support for equity markets during the first three months of the year.

Looking to the remainder of 2019, while global growth has probably peaked and is expected to slow compared to 2018, growth nevertheless could still remain positive with both the US and global economies anticipating to avoid a recession. Leading indicators such as global Purchasing Managers Indices (PMI's) have fallen but are at levels consistent with global growth of around 2.7%. Closer to home, while uncertainty over the eventual outcome of Brexit remains. The probability of a 'no deal hard Brexit' appears low given a significant majority of UK MP's have indicated on a number of occasions they want to avoid such an outcome. However, uncertainty around the timing and shape of the ultimate resolution of Brexit would remain and could possibly do so for some time yet.

To generate further positive returns in 2019 equities need to see further evidence of a stabilisation in global growth and earnings expectations in coming months. Without this, equities could struggle once again with declines of up to 20%+ from current levels possible if renewed concerns around economic and earnings growth re-emerged. Given current P/e multiples, the shift to more dovish policy stances among global central banks, increased levels of fiscal stimulus and the continuation of positive economic and earnings growth.

Equities could possibly generate further upside of between 4/8% over the next twelve months. Risks around this however remain high with the large number of unresolved issues and general uncertainty meaning volatility probably remains a feature. While our base case is for some further modest upside in equities, the current levels of uncertainty result in a potentially wide range of possible returns for the next twelve months.

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