

October 2008

Summit Mutual Funds

Quarterly Review

The third quarter proved to be one of the most remarkable periods for equity markets in recent times as the repercussions of the financial crisis reached new heights. July began with rumours of the bankruptcy of Fannie Mae and Freddie Mac. Rumours also suggested that Lehmans, the investment bank was also about to fail and markets were quite weak through the first two weeks of July. A package offering improved funding and capital injections if required for Fannie and Freddie and restrictions on short selling led to a rebound in the middle of July which was aided by a fall in oil prices from a \$145 high and an earnings season which did not provide significant negative surprises, particularly in financials.

The gains continued through August but October saw a number of significant developments. The levels of write downs among financials associated with the ongoing crisis, the blockage of short term funding channels for banks and increasing concerns over rising credit costs given rapidly slowing economies and falling property markets globally all culminated to cause the failure of some leading financial institutions.

In the US Fannie Mae And Freddie Mac were effectively nationalised, Lehmans went bankrupt, AIG received an \$85bn loan from the Fed to enable it to survive and the Treasury took an 80% stake in the company. Merrill Lynch was forced to sell itself to Bank of America, Washington Mutual went into receivership and parts were sold to JP Morgan. Wachovia was forced to sell its banking operations to Citigroup. Events culminated with an announcement on a radical \$700 billion bailout package to take bad mortgage assets from struggling US banks.

In the UK, HBOS was forced to sell itself to Lloyds while Bradford & Bingley was nationalised. The focus of the financial crisis then moved onto Europe. European Governments had to bail out four European banks towards month end, Fortis, Hypo Real Estate, Glitnir and Dexia, along with the Irish Government giving a state guarantee to virtually the entire Irish banking sector.

All major markets were down for the quarter with most of the losses occurring in September. Through the quarter the US fell 9.0%, UK 13.0%, Europe 12.1%, Japan 17.6%, Pacific Basin 17.6% and Ireland 31.8%.

All sectors were down during the period. The best performing sectors were consumer staples and healthcare given their defensive characteristics. Consumer discretionary stocks also outperformed despite ongoing pressure on discretionary spend. Commodity and energy stocks underperformed given concerns over growth prospects and sharp falls in oil and commodity prices. Utilities also underperformed given the linkage between fuel prices and utility pricing for some utility providers.



Summit Balanced Fund

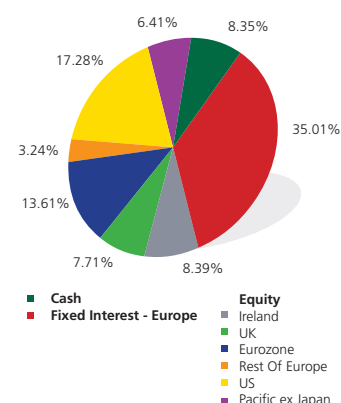
Review

The objective is to provide above average returns over the medium to long term without significant volatility. The fund invests in global equities but must maintain at least a third of its assets in Bonds and Cash. The fund ended the quarter with 57% invested in equities, 35% in bonds and 8% in cash.

Over the quarter we bought **United Business Media** which is a newswire service for public companies to disclose information. It has a strong growth profile over the next few years with a strong balance sheet allowing a return of capital to shareholders. It does not face the structural risks from internet/digital technology that others in the media space face and was relatively attractive in valuation terms in a sector context.

Positions which were sold included Cadbury, France Telecom given that they had reached what we considered to be full valuation levels.

Equity Sector Distribution	%	Top 10 Holdings	%
Financial	35.93%	ISHARES	6.37
Technology & Telecommunications	11.86%	CRH	1.87
Other	10.45%	ALLIED IRISH BANK	1.02
Energy	8.44%	BANK OF IRELAND	0.96
Consumer Staples	7.40%	Exxon Mobil	0.91
Pharmaceuticals	7.04%	TOTAL	0.85
Food Retail & Services	5.12%	E ON AG	0.81
Capital Equipment	4.70%	Kerry Group	0.77
Industrial Commodities	4.63%	Elan	0.73
Construction	4.43%	HSBC	0.67



Bid/Exit price at 30/9/08
115.10c

***Past Performance**
1 Year — -22.04%
2 Year — -19.94%
5 Year — 11.44%
10 Year — N/A

Source: Moneymate ©

Summit Global Leaders Fund

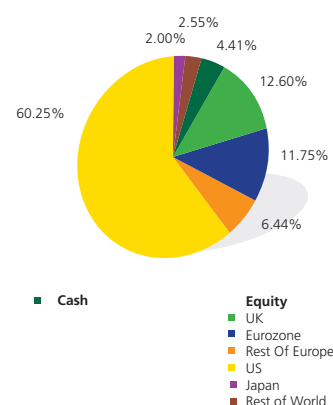
Review

The Summit Global Fund is a specialised fund and can only invest in stocks that have large market capitalisation of at least \$10 billion. Hence, it is well placed to exploit the major themes which are driving economic growth.

Stocks we bought during the quarter included **Rio Tinto** and **BHP** as we believed their share price falls since May represented an opportunity to buy into structural strength in the commodity cycle given supply constraints in coming years. We bought **Siemens** given its low valuation relative to peers and its own history, potential upside in margins through restructuring and profit growth from strong end market exposures such as its power businesses.

We sold **Morgan Stanley** given concerns over the pure investment bank model and exposures which the company was running which we thought would lead to further write downs. **Barclays** was sold given its tight capital position and potential for further write downs in its structured credit portfolio.

Equity Sector Distribution	%	Top 10 Holdings	%
Technology & Telecommunications	21.54%	ISHARES TRUST S&P GLOBAL 100 INDEX FUND	6.52
Financials/Banks	19.63%	EXXON MOBIL	6.16
Energy	19.59%	GENERAL ELECTRIC	3.75
Pharmaceuticals	12.12%	MICROSOFT	3.28
Consumer Staples	11.55%	PROCTER & GAMBLE	3.16
Capital Equipment	5.16%	JOHNSON & JOHNSON	2.89
Other	3.82%	HSBC	2.84
Insurance	2.26%	NESTLE	2.67
Food, Retail & Misc	2.25%	CHEVRONTEXACO	2.53
Motor Vehicles	2.08%	AT & T	2.45



Bid/Exit price at 30/9/08
83.20c

***Past Performance**
1 Year — -24.60%
2 Year — -24.06%
5 Year — -8.63%
10 Year — N/A

Source: Moneymate ©

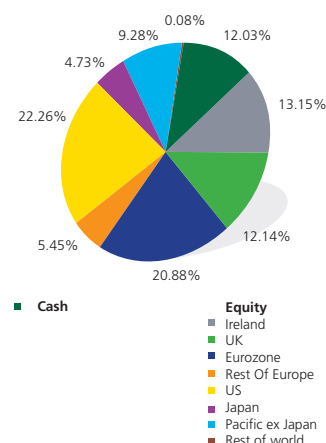
Summit Growth Fund

Review

The Summit Growth Fund pursues a strategically aggressive policy in order to achieve significant capital growth. This means that 100% of the funds assets may be invested in equities throughout the worlds stock markets.

Stocks which were bought during the quarter included **Man**, which supplies goods and systems in commercial vehicle construction, mechanical and plant engineering, was also purchased. The stock was at trough valuation levels, has strong order backlogs, potential for synergies and a strong balance sheet. The Greek incumbent telecoms operator, **Hellenic Telecom** was bought given a double digit growth outlook over the next few years driven by increasing exposure to Balkan mobile. Margins are expected to recover in the Greek mobile operations while cost saving and synergies are likely over the next three years. Apache, the oil and gas company was bought as it too had experienced a valuation de-rating despite strong earnings upgrades and has an ability to grow production from its resource base.

Equity Sector Distribution	%	Top 10 Holdings	%
Financial	30.90%	ISHARES	9.28
Other	13.04%	CRH	2.89
Technology & Telecommunications	12.37%	ALLIED IRISH BANK	1.56
Energy	8.57%	BANK OF IRELAND	1.47
Pharmaceuticals	7.32%	TOTAL	1.44
Industrial	5.50%	Exxon Mobil	1.37
Consumer Staples	7.65%	Kerry Group	1.29
Construction	4.73%	E ON AG	1.16
Food Retail & Misc	5.24%	HSBC	1.10
Capital Equipment	4.68%	Elan	1.09



Bid/Exit price at 30/9/08
108.9c

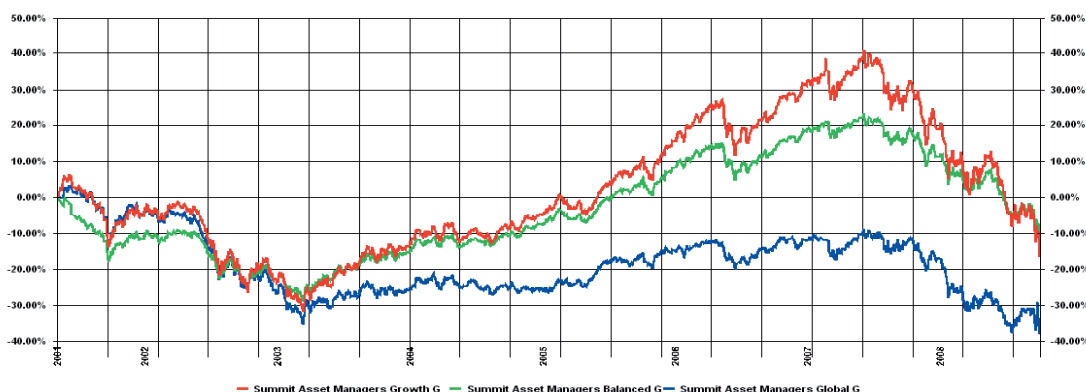
***Past Performance**
1 Year — -32.42%
2 Year — -30.05%
5 Year — 5.84%
10 Year — N/A

Source: MoneyMate ©

Fund Performance

Performance Report - 01 Jan 2001 to 01 October 2008

Performance Statistics - Offer to Offer
Local Currency
From: 01/01/2001 To: 01/10/2008



Income Reinvested on Ex-Dividend Date

Source : Moneymate

The figures are based on the following : Local Currency, Offer to Offer, Gross Income Reinvested on Ex-Dividend Date. Past performance is not a necessarily a guide to future performance. Unit prices may fall as well as rise.

Outlook

The financial crisis has worked its way through far enough to generate policy responses in the Euro area. With swift bank rescues executed in the Benelux, France and Germany, and the launch of an Irish (and possibly Greek) deposit guarantee plan likely to be imitated across Europe, the only mechanism that Europe lacks is one that would allow for a coordinated large-scale response equal to the major financial risks that could still materialise. On the monetary policy side, the ECB has cut interest rates on the back of a worsened outlook for economic growth in an exceptionally uncertain environment.

Understandably equity investors are nervous at the moment as it has been a very tough year so far. And although calling the low point in markets is impossible, it is important for long term equity investors that they participate in any rally. The empirical evidence illustrates this point.

In short, ILIM's view for equities this year is for negative double digit returns, as negative pressure from falling earnings forecasts, the ongoing credit crises, inflation concerns and increased issuance is set to maintain pressure on the market. Whereas, long bonds have a return potential of circa 4% for the year.

If you have any further enquiries please do not hesitate to contact EBS Savings and Investments on 01 665 8027.

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