

MONTHLY REPORT  
APRIL 2020



**Irish Life**

# SUMMIT INVESTMENT FUNDS



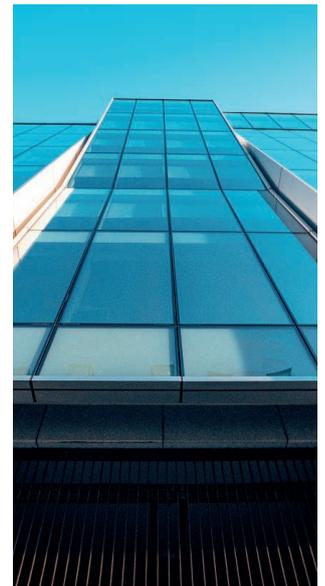
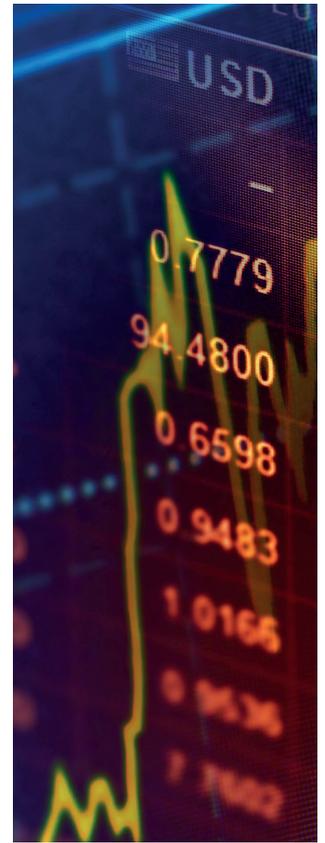
Summit Investment Funds plc is authorised in Ireland and regulated by the Central Bank of Ireland

# CONTENTS

---

Market Review	03
Market Outlook	04
Summit Growth Fund	05
Summit Balanced Fund	06
Summit Stable Fund	07
Summit Fund Performance	08
ILIM's Credentials	09

---



## MARKET REVIEW

Following sharp falls from the all-time highs in mid-February, global equities rallied in April as coronavirus case numbers showed signs of flattening. This gave rise to hopes that restrictions could be lifted and economic growth would soon begin to recover. While equity markets began to reflect an eventual economic recovery, global economic data continued to deteriorate, as it became apparent that the hit to growth from coronavirus is significantly greater than initially anticipated.

### EQUITIES

The MSCI AC World equity index rose 10.4% (11.0% in euro terms). The US rose 13.2% (13.4% in euro terms), as fiscal and monetary stimulus gave rise to hopes of a strong economic rebound in the second half of the year, particularly with the push to ease current restrictions. The UK lagged rising 3.4% (5.3% in euro terms), as Brexit-related uncertainty continued to act as a drag. Japan also underperformed, rising 4.4% (5.6% in euro terms) as restrictions were implemented to combat a new wave of coronavirus cases.

### BONDS

Eurozone >5-year bonds rose 0.7%, with German 10-year yields falling to -0.59% as the increased level of central bank purchases pushed core global bond yields lower. Peripheral spreads, however, widened. Italian 10-year spreads against Germany rose to 235 basis points (bps) as Fitch downgraded Italy's credit rating to BBB-. The failure to reach agreement on the exact details of the EU support package also contributed to the widening of spreads. Spanish 10-year spreads rose to 131bps.

### CURRENCIES AND COMMODITIES

The euro was down marginally over the month at 1.0937. Commodities fell -9.7% (-9.5% in euro terms), as demand expectations continued to fall due to the current weak economic backdrop. West Texas Intermediate (WTI) oil had an extremely volatile and extraordinary month, where the price of the future contract turned negative for a period of time. Despite OPEC+ agreeing to a production cut of 9.7m barrels per day, global oil supply and demand remains imbalanced due to the large overhang of supply and limited storage capacity available. This and other technical factors resulted in the future price turning negative before it rolled into the June contract and established a positive price again. Over the month, WTI oil fell -8.0%.

### MARKET SNAPSHOT

#### Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2019 Return (%)
MSCI Ireland	8.74	-17.15	40.60
MSCI United Kingdom	5.33	-23.27	23.40
MSCI Europe ex UK	6.55	-15.65	28.20
MSCI North America	13.32	-7.30	33.90
MSCI Japan	5.58	-9.96	22.30
MSCI EM (Emerging Markets)	9.37	-14.48	21.10
MSCI AC World	10.96	-10.62	29.60

10-Year Yields	Yield Last Month (%)	2019 Yield (%)	2018 Yield (%)
US	0.64	1.92	2.68
Germany	-0.59	-0.19	0.24
UK	0.23	0.82	1.28
Japan	-0.03	-0.02	0.00
Ireland	0.05	0.11	0.90
Italy	1.76	1.41	2.74
Greece	2.17	1.43	4.35
Portugal	0.82	0.43	1.71
Spain	0.72	0.46	1.41

FX Rates	Current	2019 Rates	2018 Rates
US Dollar per Euro	1.09	1.12	1.15
British Pounds per Euro	0.87	0.85	0.90
US Dollar per British Pounds	1.26	1.33	1.28

Commodities (USD)	MTD Return (%)	YTD Return (%)	2019 Return (%)
Oil (WTI)	-8.01	-69.15	34.50
Gold (Oz)	7.00	11.23	18.90
S&P Goldman Sachs Commodity Index	-9.67	-47.92	17.60

Source: IILIM, Bloomberg. Data is accurate as at 1 May 2020

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied upon as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

## MARKET OUTLOOK

### IRISH LIFE INVESTMENT MANAGERS' (ILIM'S) VIEW – LOOKING AHEAD

The outlook for equity markets over the next 12 months depends on a number of factors, including the evolution of the coronavirus, the timing of recovery from the first-half recession, and the level of growth achieved in the second half of the year and beyond.

A major threat to the global economy has emerged with the outbreak of the coronavirus, which has spread across the globe. Severe restrictions on travel and general activity have been introduced to contain the virus. These containment measures, however, have brought much of the global economy to a standstill, which has resulted in the sudden onset of a recession, with global growth expected to contract by up to 18% on an annualised basis in the first half of the year. If the virus is successfully contained, global economic activity levels could recover in the second half of the year and in 2021, particularly given the unprecedented levels of monetary and fiscal support that have been provided by authorities in recent weeks to support growth. Our base case is that after a very severe but short recession, the global economy will rebound in the second half of the year.

Given the ongoing uncertainty associated with the coronavirus and lack of visibility around the depth and length of the economic and earnings recession, further upside in equity markets could be limited in the short term. Upside in markets will be dependent on conformation of the containment of the virus and the subsequent recovery in economic growth and earnings expectations. Our base case is that the virus will be contained in coming months and that global growth will recover in the second half of the year, supported by the implementation of recent fiscal and monetary stimulus measures. Assuming an economic recovery is evident later this year which extends into 2021, there is potential for further upside in equities over the next 12 months, although valuation levels could result in the upside being limited to low to mid-single digits. Relative valuations for equities are very attractive, given the low yields currently available in other assets such as bonds and cash.

Equity markets face a number of challenges beyond those posed by the coronavirus. These include ongoing trade disputes and uncertainties related to key political events in 2020, such as the US Presidential election, and tensions in the Middle East and North Korea. These could result in additional periods of volatility in the market.



Outlook hinges on economic and earnings growth. Monetary and fiscal policy remain supportive.



Global economy expected to contract in 2020 by -5% due to coronavirus with a strong rebound in H2, following a recession in H1.



Coronavirus, central bank policies, fiscal stimulus and politics will be key for growth.



Equity valuations appear full on a P/E basis, following the recent rebound. Remain very attractive in relative terms.



Upside potential possible on 12-month view if an economic recovery is evident in H2 after a possible containment of the virus.



Volatility to remain a feature given various risks.

## SUMMIT GROWTH FUND

Information is correct at 30 April 2020

### FUND DESCRIPTION

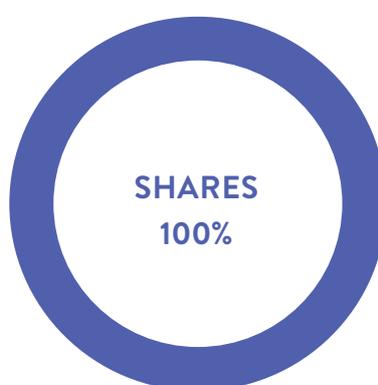
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



### FUND UPDATE FOR APRIL

From a sector perspective, the Materials and Consumer Staples sectors contributed the most to performance. The Communication Services, Financials and Technology sectors detracted from relative fund returns. The stocks contributing most to the fund return during the month were Microsoft, Sandstorm Gold, Keysight Technologies and Johnson & Johnson. The stocks that detracted most from the fund's return were Fairfax Financial, Markel Corp, HP and Mincon Group.

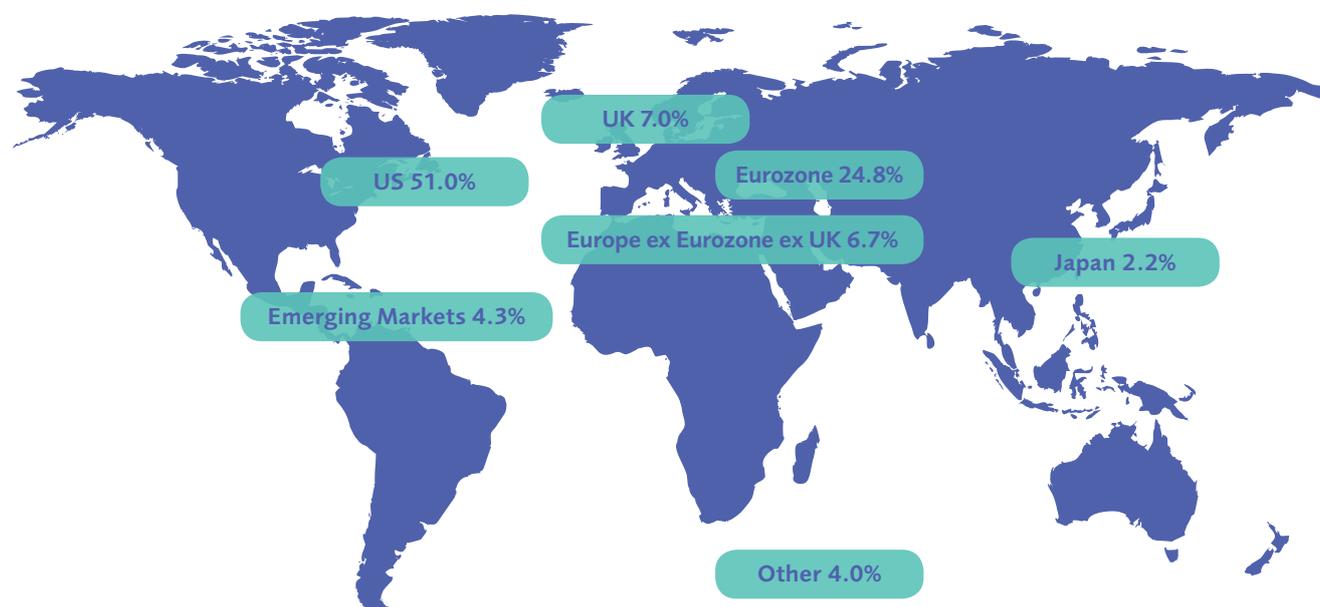
### ASSET ALLOCATION



### TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.8%
Berkshire Hathaway Inc	3.5%
DCC Plc	2.9%
Keysight Technologies Inc	2.7%
Johnson & Johnson	2.8%
Lancashire Holdings Ltd	2.7%
Oracle Corp	2.5%
Telefonaktiebolaget LM Ericsson	2.2%
Cisco Systems Inc	2.2%
Federated Investors Inc	2.2%

### SHARE REGIONAL DISTRIBUTION



## SUMMIT BALANCED FUND

Information is correct at 30 April 2020

## FUND DESCRIPTION

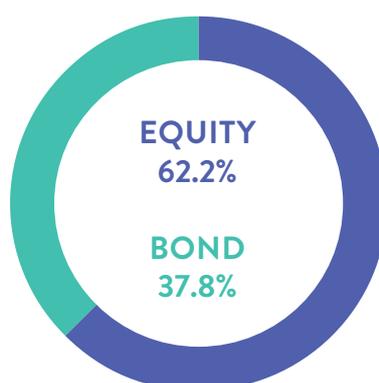
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



## FUND UPDATE FOR APRIL

Global equities rallied as coronavirus case numbers showed signs of flattening, giving rise to hopes that restrictions could be lifted and economic growth would soon begin to recover. Additional stimulus measures added to investor hopes of an economic rebound in the second half of the year, with liquidity from central banks also boosting markets. Eurozone sovereign bonds rose, supported by central bank buying, despite peripheral spreads widening on lack of progress on a detailed co-ordinated Eurozone fiscal response to the economic crisis.

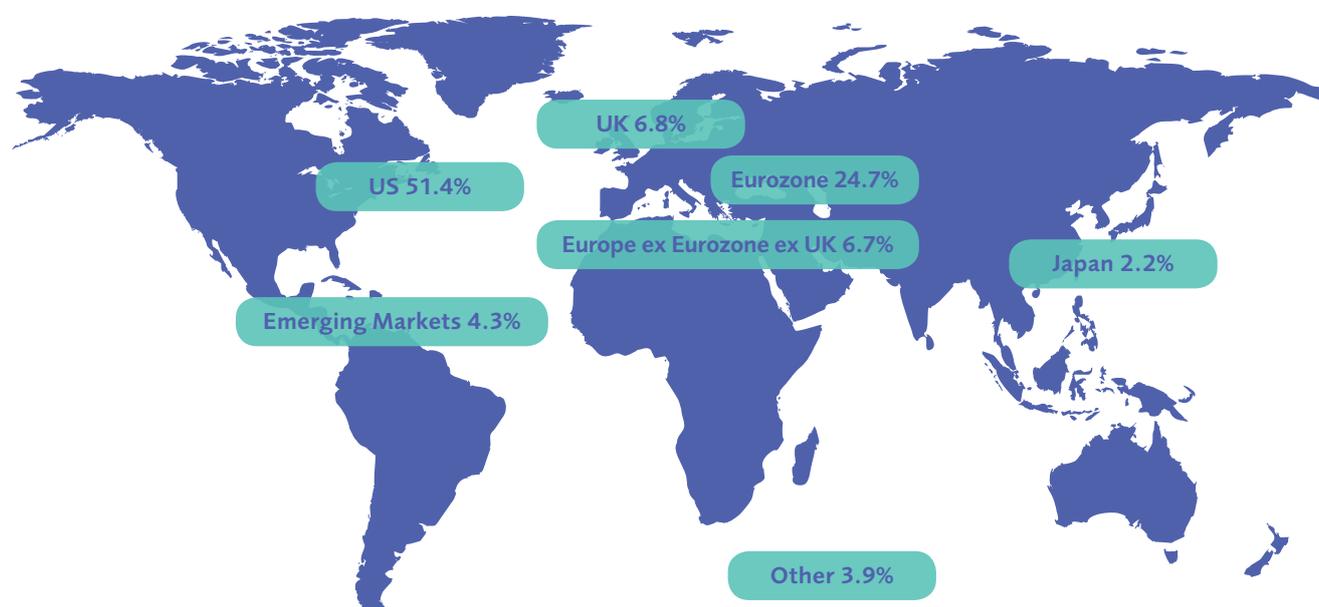
## ASSET ALLOCATION



## TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.8%
Berkshire Hathaway Inc	3.7%
DCC Plc	3.0%
Johnson & Johnson	2.8%
Keysight Technologies Inc	2.7%
Lancashire Holdings Ltd	2.7%
Oracle Corp	2.6%
Telefonaktiebolaget LM Ericsson	2.2%
Federated Investors Inc	2.2%
Cisco Systems Inc	2.2%

## SHARE REGIONAL DISTRIBUTION



# SUMMIT STABLE FUND

Information is correct at 30 April 2020

## FUND DESCRIPTION

The Stable Fund invests in short-term Eurozone government debt and cash.



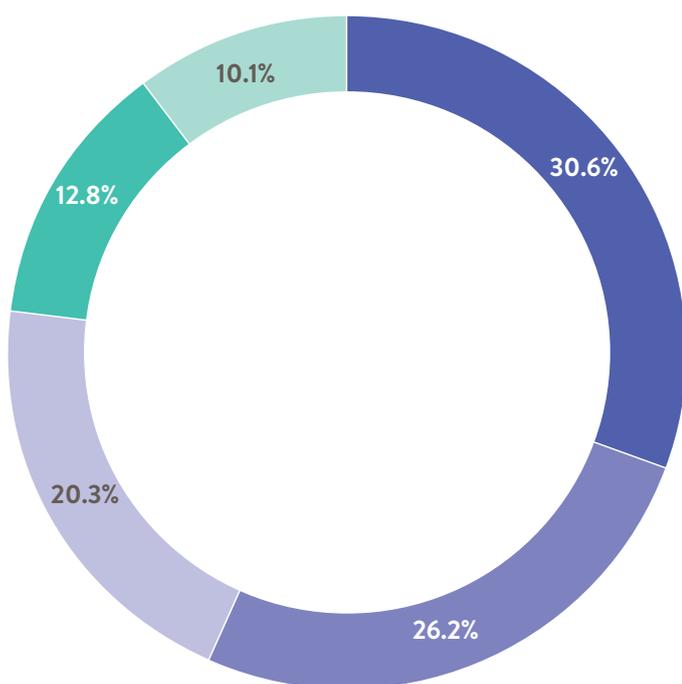
## FUND UPDATE FOR APRIL

Italian bond yields rose during the month, driven by systemic risk fears. Although the ECB increased its purchases of government bonds, it wasn't sufficient to offset two-year Italian yields increasing from 0.35% to 0.62% during the month.

## ASSET ALLOCATION



## BOND COUNTRY DISTRIBUTION



## BOND PORTFOLIO CREDIT QUALITY

Rating / % of fund

AAA	AA2	A3	BBB2
20.3%	30.5%	12.8%	36.4%

- France
- Italy
- Germany
- Spain
- Portugal

## SUMMIT FUND PERFORMANCE AT 30/04/2020

Fund Returns after fund mgt fee	Stable	Balanced	Growth
1 Month	-0.18%	4.10%	6.17%
QTD	-0.18%	4.10%	6.17%
3 Month	-1.05%	-7.82%	-11.69%
YTD	-0.87%	-7.99%	-12.61%
1 Year	-1.48%	-5.64%	-9.83%
2 Years per annum	-1.08%	-0.45%	-1.41%
3 Years per annum	-1.15%	-0.19%	-0.83%
5 Years per annum	-1.08%	1.33%	1.61%
10 years per annum	-0.22%	4.02%	5.00%

Source: ILIM Performance Team

**Warning: If you invest in these funds you may lose some or all of the money you invest.**

**Warning: These funds may be affected by changes in currency exchange rates.**

**Warning: The value of your investment may go down as well as up.**

**Warning: Past performance is not a reliable guide to future performance.**

## ILIM'S CREDENTIALS

Irish Life Investment Managers (ILIM) are recognised internationally for their expertise, innovation and track record: PASSIVE MANAGER OF THE YEAR – European Pensions Awards 2018 and 2019, INVESTMENT MANAGER OF THE YEAR – Irish Pension Awards 2019 – PROPERTY MANAGER OF THE YEAR and PASSIVE MANAGER OF THE YEAR – Irish Pension Awards 2018.



Summit Investment Funds plc is managed by Summit Asset Managers Limited. The Investment Manager is Irish Life Investment Managers Limited. Summit Asset Managers Limited and Irish Life Investment Managers Limited are both part of the Great-West Lifeco group of companies, global leaders in financial services.



# Irish Life

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates. Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

Figures referenced herein have been sourced from ILIM and Bloomberg. Forecast figures have been prepared by ILIM based on reasonable assumptions, internal data and data sourced from Bloomberg.

---

Summit Asset Managers Limited is regulated by the Central Bank of Ireland.

Summit Investment Funds plc is authorised in Ireland and regulated by the Central Bank of Ireland.

Irish Life Investment Managers. Limited is regulated by the Central Bank of Ireland.