

MONTHLY REPORT
30 APRIL 2021



Irish Life

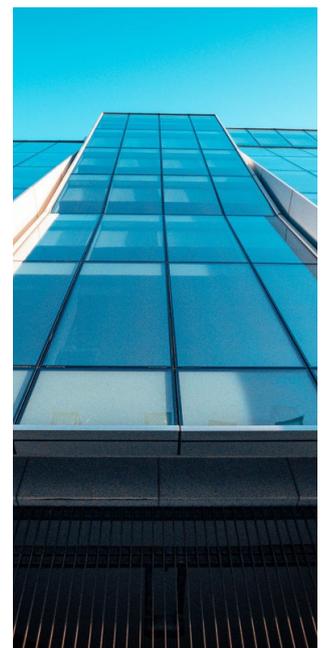
SUMMIT INVESTMENT FUNDS



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

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MARKET REVIEW

Expectations of impressive economic growth turned from forecast to fact in April, as economies reopened. Stock markets hit new highs as investors benefited from the significant economic recovery from the pandemic. A strong first-quarter earnings season, coupled with accommodative policies from central banks, also buoyed stocks. US Treasury yields pared gains from recent highs, as investors favoured 'risk' assets.

EQUITIES

In April, the MSCI AC World equity index rose +3.8% (+1.9% in euro terms). Europe underperformed, rising +2.1% (+2.3% in euro terms), as increased restrictions in certain countries weighed on sentiment. Japan fell -2.6% (-3.9% in euro terms), as foreign investors became net sellers of Japanese stocks due to concerns that Japan's stricter curbs to contain the virus would hamper its economic growth. Emerging markets rose +1.6% (+0.1% in euro terms), as sentiment towards emerging-market investments improved, given downward moves in US Treasury yields. Pacific Basin equities rose +3.2% (+1.8% in euro terms), benefiting from ongoing accommodative policy from the US central bank and strong commodity prices.

BONDS

Eurozone >5-year bonds fell -1.6%, with the German 10-year yield rising to -0.20%. The increased pace of the ECB's Pandemic Emergency Purchase Programme purchases supported European bond markets. Peripheral spreads widened, with Italian and Spanish 10-year spreads rising to 111 basis points (bps) and 68bps, respectively.

CURRENCIES & COMMODITIES

The euro rose against the US dollar to 1.2020, as the Fed quashed speculation about reducing its asset-purchase programme, arguing that employment was still far too short of desired levels. Commodities rose +8.2%, with West Texas Intermediate (WTI) oil rising +7.5% as a rebound in the world's largest economies strengthened demand for metals, food and energy. Gold rose +3.3%, as Covid-19 case numbers in some regions concerned some investors.

GOVERNMENT BONDS

The US 10-year yield fell to a new all-time low of 0.31% in March 2020, as the Fed announced more policy easing and the growth outlook deteriorated. The current yield is 1.63%, having risen from low levels due to the expected increase in bond supply and the improved growth backdrop. The potential trading range for the US 10-year yield over the next 12 months is seen as being 1.3–2.2%. Our base case is that yields will rise modestly from current levels, due to the improving growth outlook in 2021, and should be close to 1.80% in 12 months' time. This is still relatively low by historic standards.

The German 10-year yield is currently -0.20%, compared with the all-time low of -0.91% in March 2020. The potential trading range over the next year is seen as -0.4%–0.3%, with a base case of 0.10% in 12 months' time. Again, this assumes that growth recovers in 2021, but the ECB maintains its stance of loose policy.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2020 Return (%)
MSCI Ireland	-1.45	8.23	5.97
MSCI United Kingdom	1.91	12.67	-17.83
MSCI Europe ex UK	2.28	10.35	2.43
MSCI North America	2.90	13.21	10.64
MSCI Japan	-3.85	1.80	5.42
MSCI EM (Emerging Markets)	0.08	6.63	8.89
MSCI AC World	1.94	11.09	7.18

10-Year Yields	Yield Last Month (%)	2020 Yield (%)	2019 Yield (%)
US	1.63	0.91	1.92
Germany	-0.20	-0.57	-0.19
UK	0.84	0.20	0.82
Japan	0.10	0.02	-0.02
Ireland	0.18	-0.30	0.11
Italy	0.90	0.54	1.41
Greece	0.99	0.63	1.43
Portugal	0.48	0.03	0.43
Spain	0.48	0.05	0.46

FX Rates	Current	2020 Rates	2019 Rates
US Dollar per Euro	1.20	1.22	1.12
British Pounds per Euro	0.87	0.90	0.85
US Dollar per British Pounds	1.38	1.37	1.33

Commodities (USD)	MTD Return (%)	YTD Return (%)	2020 Return (%)
Oil (WTI)	7.47	31.04	-20.54
Gold (Oz)	3.34	-6.61	24.40
S&P Goldman Sachs Commodity Index	8.23	22.90	-23.72

Source: ILIM, Bloomberg. Data is accurate as at 1 May 2021

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MARKET OUTLOOK

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

The outlook for equity markets over the next 12 months depends on several factors, including central bank policy, inflation (both expected and realised) and the evolution of the Covid-19 pandemic.

While equity markets are expensive in absolute terms, they are still attractive in relative terms, given the low yields available on bonds and cash. The current low level of bond yields, even allowing for recent rises, justifies higher-than-average valuations in equities. We believe global equities can trade on a 12-month forward price-to-earnings (PE) multiple of 18.5–19 times at the end of 2021. With the global economy in the initial stages of a new cycle and strong economic and earnings growth forecast over the next two years, upside of at least mid-to-high single digits in global equities is expected over the next 12 months.

Potential risks to the positive outlook include unexpected central bank tapering, significant rises in bond yields (which would diminish the relative valuation case for equities), or a resurgence in Covid 19 cases combined with vaccines proving to be ineffective in treating new variants. We see the probability of these occurring as low. Given elevated valuations, volatility will be a feature of markets if any of these issues become a cause for concern over the next 12 months.



Outlook dependent on economic and earnings growth. Monetary and fiscal policy are supportive.



Global economy estimated to have contracted in 2020 by -3.6% due to Covid 19 with a 6.5% rebound expected in 2021.



Covid-19, central bank/fiscal stimulus will be key for growth. Vaccine developments supportive of growth.



Equity valuations appear expensive on an absolute basis but remain attractive in relative terms.



Mid to high single upside possible on 12 month view as the economic recovery continues in 2021 as policy remains supportive.



Volatility likely to remain a feature.

SUMMIT GROWTH FUND

Information is correct at 30 April 2021

FUND DESCRIPTION

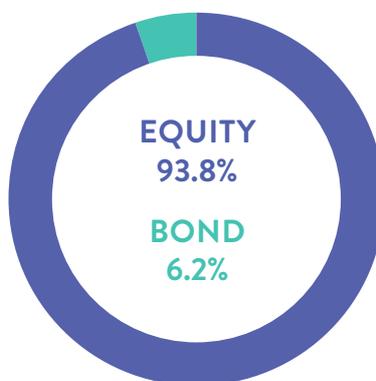
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



FUND UPDATE FOR APRIL

The fund modestly underperformed the benchmark in April. The relative underperformance was driven by sector allocation and stock selection, while currency considerations contributed to fund performance. From a sector perspective, the consumer staples and financials sectors contributed the most to performance. The technology and consumer discretionary sectors detracted from performance. The stocks contributing most to the fund return during the month were Alphabet, Microsoft and Steris. The stocks that detracted most from the fund return were Federated Hermes, ALFRESA Holdings and Johnson & Johnson.

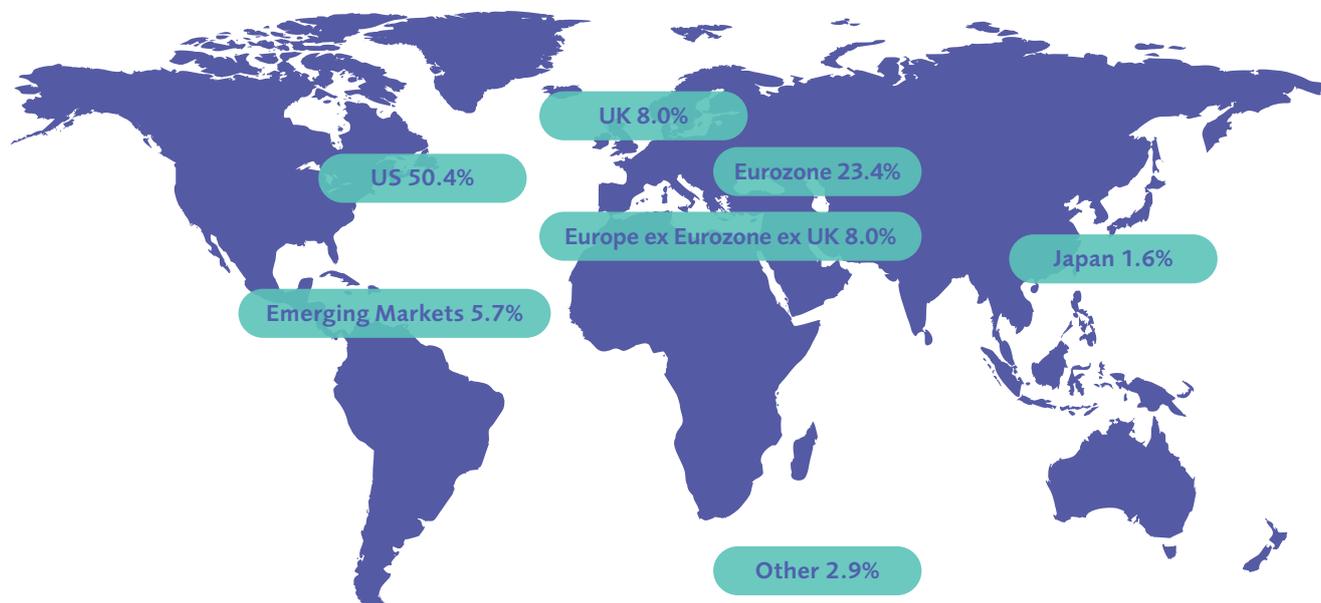
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.2%
Berkshire Hathaway Inc	2.8%
Alphabet Inc	2.7%
McDonald's Corp	2.6%
Samsung Electronics Co Ltd	2.5%
Oracle Corp	2.4%
DCC Plc	2.3%
Oshkosh Corp	2.3%
Johnson Controls International Ord	2.3%
Johnson & Johnson	2.3%

SHARE REGIONAL DISTRIBUTION



SUMMIT BALANCED FUND

Information is correct at 30 April 2021

FUND DESCRIPTION

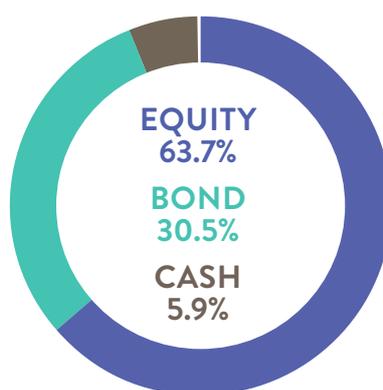
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has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



FUND UPDATE FOR APRIL

The Summit net Balanced Funds returned 0.80% compared with the benchmark return of 1.07% during April. The equity component of the Balanced Fund modestly underperformed the equity benchmark, which detracted from the relative performance of the fund. This was driven by sector allocation and stock selection. From a sector perspective, the consumer staples and financials sectors contributed the most to performance. The technology and consumer discretionary sectors detracted, however. Eurozone bond yields rose due to the improving growth backdrop associated with a faster vaccine rollout across Europe.

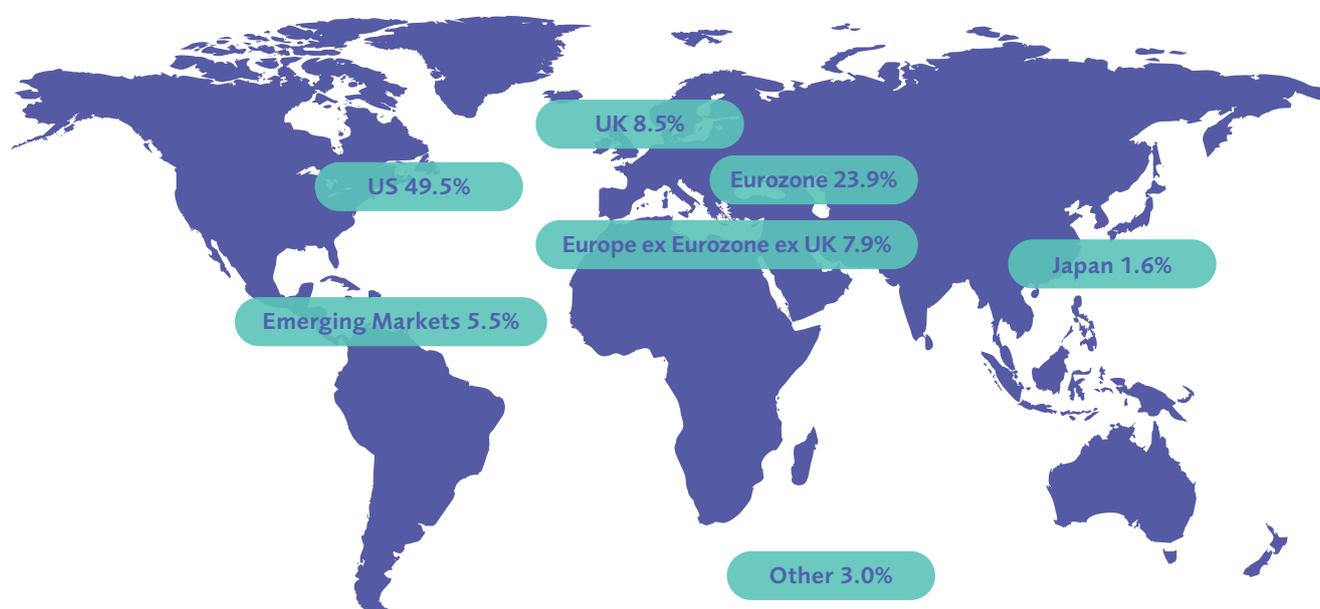
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.0%
Berkshire Hathaway Inc	2.6%
Alphabet Inc	2.5%
McDonald's Corp	2.4%
DCC Plc	2.3%
Samsung Electronics Co Ltd	2.3%
Oshkosh Corp	2.3%
Johnson Controls International Ord	2.3%
Oracle Corp	2.2%
Nike Inc	2.2%

SHARE REGIONAL DISTRIBUTION



SUMMIT STABLE FUND

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FUND DESCRIPTION

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



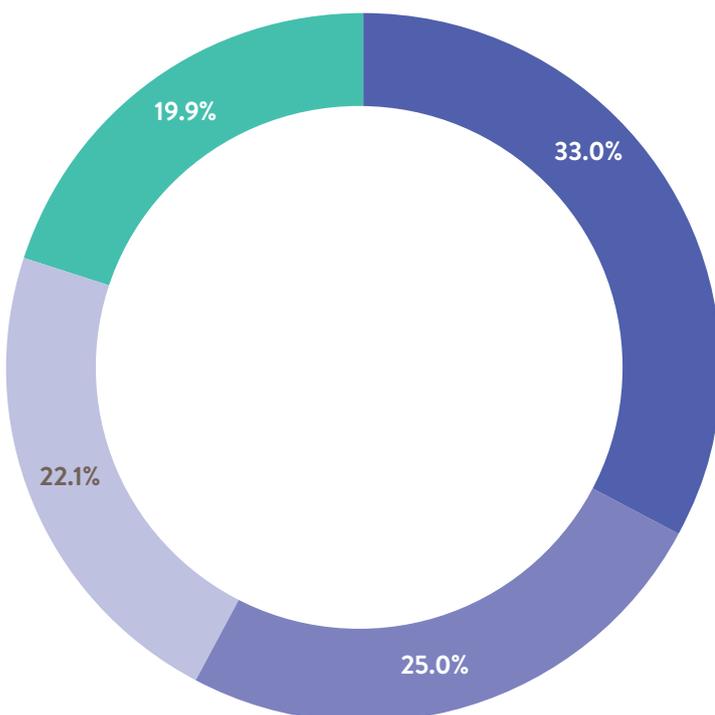
FUND UPDATE FOR APRIL

The Stable Fund returned -0.06%, outperforming its benchmark of the ICE 1-3 Year Euro Government Index by 0.02% during the month. It was a quiet month in bond markets, as investors continued to expect economies to recover and reopen from the pandemic as vaccines were rolled out. Core bond yields remained steady and Italian spreads increased very marginally over the period.

ASSET ALLOCATION



BOND COUNTRY DISTRIBUTION



BOND PORTFOLIO CREDIT QUALITY

Rating / percentage of fund

AAA	AA2	A3	BBB3
19.9%	25.0%	22.1%	33.0%

- Italy
- France
- Spain
- Germany

SUMMIT FUND PERFORMANCE AT 30/04/2021

Fund Returns after fund management fee	Stable	Balanced	Growth
1 Month	-0.18%	0.68%	1.47%
QTD	-0.18%	0.68%	1.47%
3 Month	-0.44%	5.15%	9.22%
YTD	-0.88%	5.57%	10.01%
1 Year	-0.62%	13.33%	21.71%
2 Years pa	-1.05%	3.41%	4.76%
3 Years pa	-0.93%	3.95%	5.76%
5 Years pa	-1.05%	4.26%	6.28%
10 years pa	-0.15%	4.36%	5.63%

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:



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

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