

MONTHLY REPORT
28 FEBRUARY 2021



Irish Life

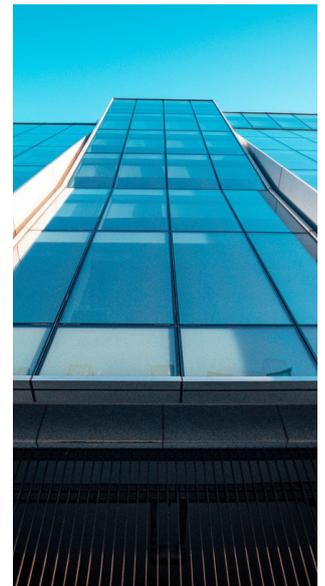
SUMMIT INVESTMENT FUNDS



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

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MARKET REVIEW

Despite a sell-off late in the month, global equities enjoyed a strong month in February, boosted by improved growth expectations and a strong fourth-quarter earnings season. Accommodative central banks and President Biden's efforts to pass his \$1.9trillion fiscal stimulus package were also a factor in the positive returns. The reflation theme (a view that inflation would increase, weighing on bonds and helping 'value' stocks) captured markets late in the month and forced a sell-off in fixed income assets. US and European government bonds sold off, with German yields (which move inversely to price) pulled higher by rising US Treasury yields. The announcement that Mario Draghi would form a new government in Italy supported spreads in peripheral European bonds.

EQUITIES

The MSCI AC World equity index rose +2.5% (+2.4% in euro terms). Emerging markets rose +1.0% (+0.9% in euro terms), underperforming due to their sensitivity to rising US yields. Pacific Basin equities rose +2.3% (+3.0% in euro terms), as the prospects for growth looked brighter and commodity prices rose. European equities rose +2.6% (+2.2% in euro terms) as growth expectations improved and investors positioned themselves in value-focused markets in the hopes of outperformance in cyclicals. The US rose +2.6% (+2.7% in euro terms) as Democrats pushed ahead with plans for \$1.9bn in additional US fiscal stimulus.

BONDS

Eurozone >5-year bonds fell -2.7%, with the German 10-year yield rising 26 basis points (bps) to -0.26%, pulled higher by US Treasuries. The announcement that Mario Draghi would form a new government in Italy supported spreads in peripheral European bonds; Italian 10-year spreads narrowed by 14bps to 102bps.

CURRENCIES AND COMMODITIES

The euro fell against the US dollar to 1.2043, driven by higher US yields. The dollar also benefited from the more 'risk off' environment at month-end. Commodities rose 10.6% (10.7% in euro terms), as strong manufacturing demand and supply-side constraints pushed prices higher. West Texas Intermediate (WTI) oil rose 17.8% as global growth expectations continued to be revised upwards. Gold fell -6.1%, negatively affected by rising real interest rates and a stronger US dollar.

CENTRAL BANKS ROUND-UP

The US Federal Reserve (Fed) continued its recent dovish tone, with members indicating that asset purchases would continue at their current pace until a lot more progress was made towards employment and inflation goals. Fed members saw an improvement in the medium-term economic outlook, due to the expected stimulus package. In Europe, the European Central Bank reiterated its stance of supportive monetary policy and stepped up its rhetoric around monitoring higher nominal yields. The Bank of England held rates at 0.1%, but announced preparations for negative interest rates (though stressed it was unlikely to need them). The Bank also gave a positive outlook for the UK economy. However, the market viewed the Bank of England's inflation forecasts as slightly hawkish, which prompted underperformance in long-dated gilts. Several emerging-market central banks have moved in a more hawkish direction recently, due to rising inflation and concerns around financial stability.

MARKET SNAPSHOT

Market returns (EUR)

| Equity Markets (EUR) | MTD Return (%) | YTD Return (%) | 2019 Return (%) |
|----------------------------|----------------|----------------|-----------------|
| MSCI Ireland | 0.74 | -2.26 | 5.97 |
| MSCI United Kingdom | 3.69 | 4.18 | -17.83 |
| MSCI Europe ex UK | 2.22 | 1.11 | 2.43 |
| MSCI North America | 2.84 | 2.61 | 10.64 |
| MSCI Japan | 1.61 | 1.31 | 5.42 |
| MSCI EM (Emerging Markets) | 0.86 | 4.72 | 8.89 |
| MSCI AC World | 2.44 | 2.72 | 7.18 |

| 10-Year Yields | Yield Last Month (%) | 2019 Yield (%) | 2018 Yield (%) |
|----------------|----------------------|----------------|----------------|
| US | 1.40 | 0.91 | 1.92 |
| Germany | -0.26 | -0.57 | -0.19 |
| UK | 0.82 | 0.20 | 0.82 |
| Japan | 0.16 | 0.02 | -0.02 |
| Ireland | 0.10 | -0.30 | 0.11 |
| Italy | 0.76 | 0.54 | 1.41 |
| Greece | 1.11 | 0.63 | 1.43 |
| Portugal | 0.32 | 0.03 | 0.43 |
| Spain | 0.42 | 0.05 | 0.46 |

| FX Rates | Current | 2019 | 2018 |
|------------------------------|---------|------|------|
| US Dollar per Euro | 1.21 | 1.22 | 1.12 |
| British Pounds per Euro | 0.87 | 0.90 | 0.85 |
| US Dollar per British Pounds | 1.39 | 1.37 | 1.33 |

| Commodities (USD) | MTD Return (%) | YTD Return (%) | 2019 Rates |
|-----------------------------------|----------------|----------------|------------|
| Oil (WTI) | 17.82 | 26.75 | -20.54 |
| Gold (Oz) | -6.15 | -8.46 | 24.40 |
| S&P Goldman Sachs Commodity Index | 10.58 | 16.05 | -23.72 |

Source: ILIM, Bloomberg. Data is accurate as at 1 March 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 the evolution of Covid 19, the scale of recovery from the 2020 recession and the level of stimulus provided by global authorities.

While equity markets are expensive in absolute terms, they remain very attractive in relative terms, given the low yields available on assets such as bonds and cash. The current low level of bond yields 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 a resurgence in Covid-19 cases and a failure to contain the virus; vaccines proving to be ineffective in treating new variants, which would threaten the improving growth backdrop; fiscal and monetary support being reduced; or a significant rise in bond yields, which would diminish the relative valuation case for equities. The probability of these occurring is viewed as being low. But volatility could remain a feature in markets if any of these issues become a cause for concern over the course of 2021.



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



Global economy expected to contract in 2020 by -4 due to Covid-19 with a 6% rebound in 2021.



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



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



High single to double digit upside is possible on 12-month view if an economic recovery continues in 2021 and policy remains supportive.



Volatility to remain a feature.

SUMMIT GROWTH FUND

Information is correct at 28 February 2021

FUND DESCRIPTION

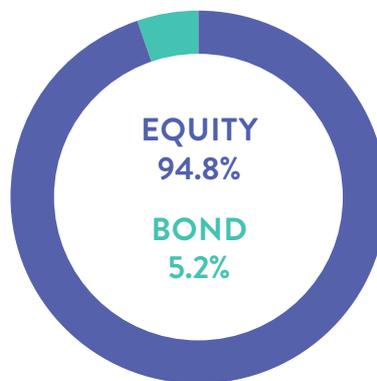
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



FUND UPDATE FOR FEBRUARY

The fund rose 1.67% in February. From a sector perspective, the consumer discretionary and industrials sectors contributed the most to performance. The financials and materials sectors detracted, meanwhile. The stocks contributing most to the fund's return during the month were Booking Holdings, First Citizens Bancshares, Oshkosh Corp and Alphabet Inc. The stocks that detracted most from fund returns were DXC Technology, Lancashire Holdings and Steris Plc.

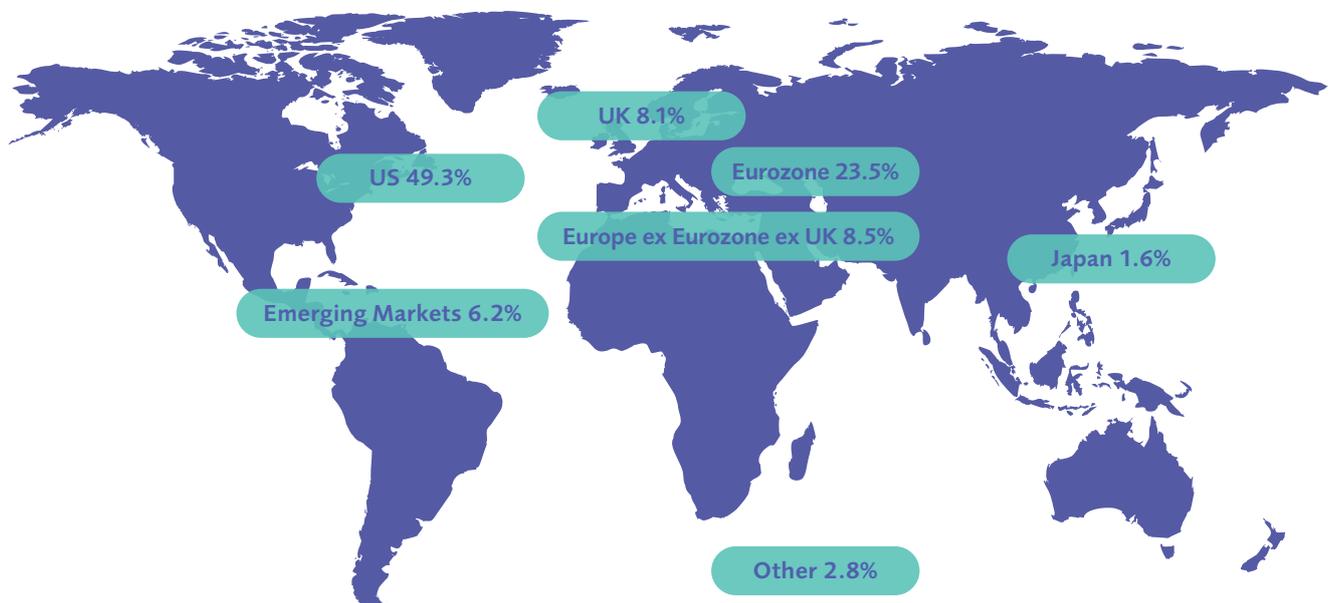
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

| Stock name | % of fund |
|---------------------------------|-----------|
| Microsoft Corp | 4.3% |
| Berkshire Hathaway Inc | 2.8% |
| Alphabet Inc | 2.7% |
| Samsung Electronics Co Ltd | 2.7% |
| McDonald's Corp | 2.5% |
| Telefonaktiebolaget LM Ericsson | 2.5% |
| Booking Holdings Inc | 2.3% |
| Oracle Corp | 2.3% |
| Johnson & Johnson | 2.3% |
| DCC Plc | 2.3% |

SHARE REGIONAL DISTRIBUTION



SUMMIT BALANCED FUND

Information is correct at 28 February 2021

FUND DESCRIPTION

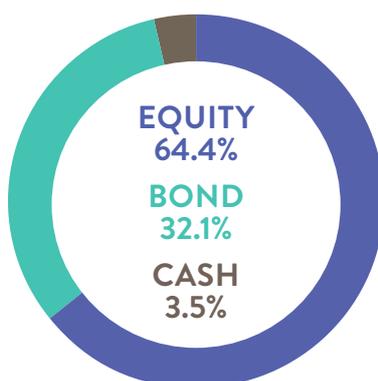
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has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



FUND UPDATE FOR FEBRUARY

The Summit Balanced Funds rose 0.50% during February. From a sector perspective, the consumer discretionary and industrials sectors contributed the most to performance. The financials and materials sectors detracted from performance. Eurozone sovereign bonds fell in sympathy with US Treasuries, as German yields were pulled higher by US Treasuries. The announcement of a Mario Draghi led government in Italy was supportive of peripheral spreads, with Italian bonds posting a strong performance.

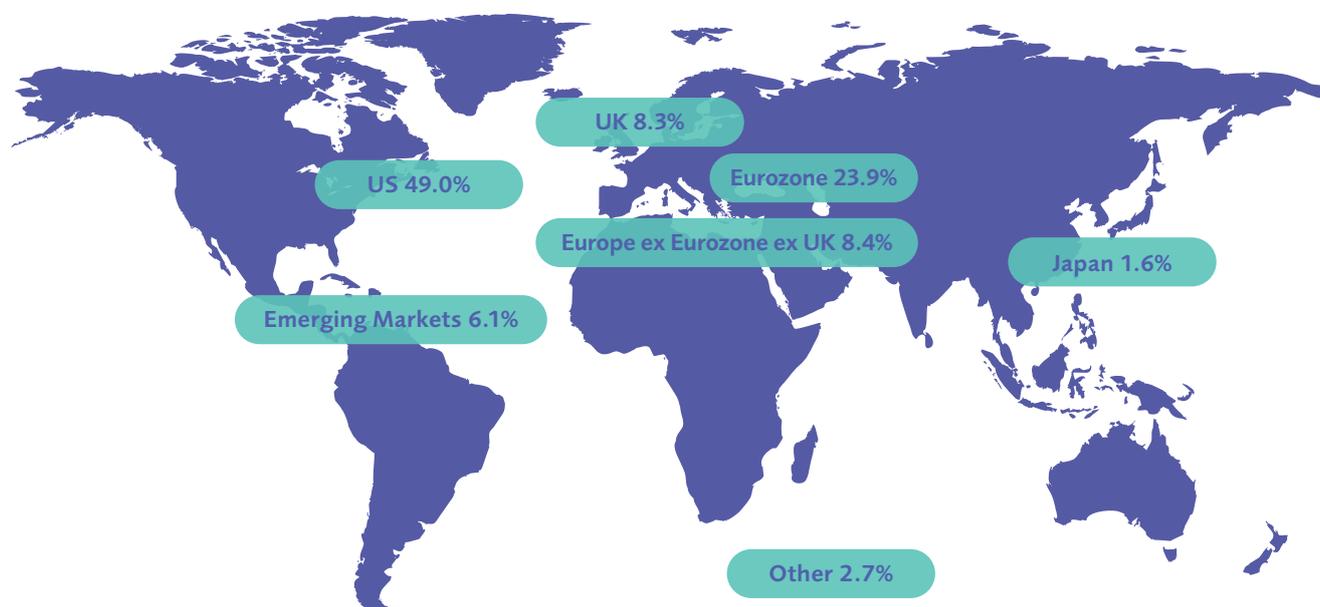
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

| Stock name | % of fund |
|------------------------------------|-----------|
| Microsoft Corp | 4.3% |
| Berkshire Hathaway Inc | 2.7% |
| Alphabet Inc | 2.6% |
| Samsung Electronics Co Ltd | 2.6% |
| McDonald's Corp | 2.5% |
| DCC Plc | 2.5% |
| Telefonaktiebolaget LM Ericsson | 2.4% |
| Johnson Controls International Ord | 2.4% |
| Oshkosh Corp | 2.3% |
| Booking Holdings Inc | 2.3% |

SHARE REGIONAL DISTRIBUTION



SUMMIT STABLE FUND

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FUND DESCRIPTION

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



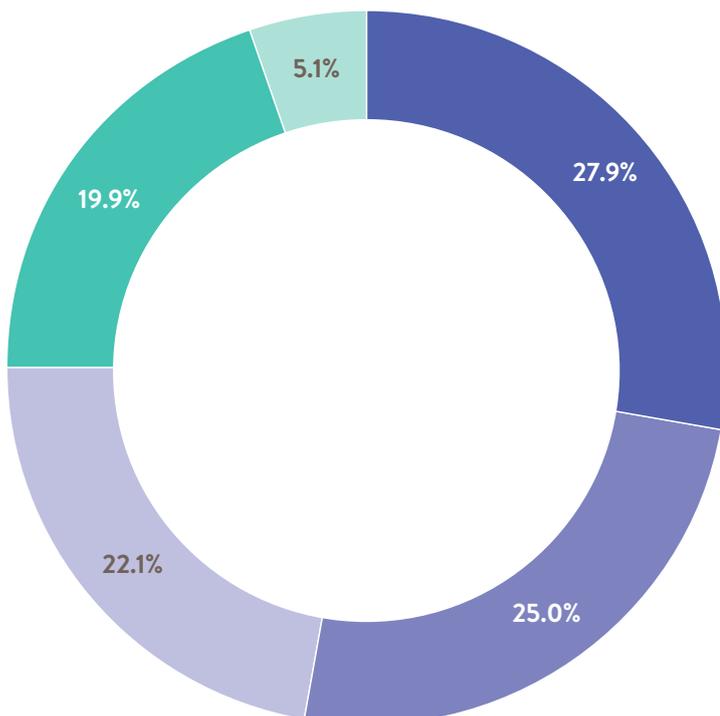
FUND UPDATE FOR FEBRUARY

The Summit Stable fund fell -0.18% in February. Core bond yields rose over the month as the markets looked through short-term economic lockdown and focused on the vaccine rollout and significant stimulus measures in the US. Italian bond spreads fell marginally over the month, which modestly helped the fund's performance.

ASSET ALLOCATION

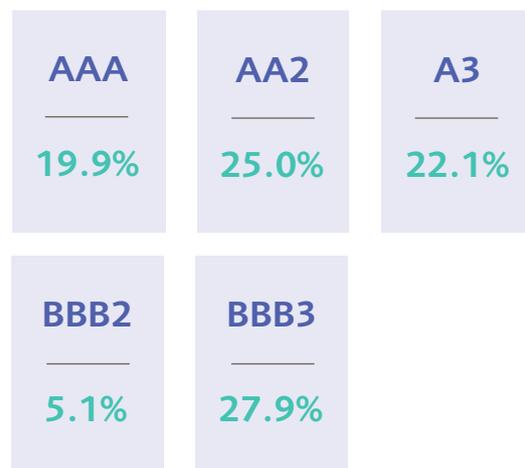


BOND COUNTRY DISTRIBUTION



BOND PORTFOLIO CREDIT QUALITY

Rating / percentage of fund



- Italy
- France
- Spain
- Germany
- Portugal

SUMMIT FUND PERFORMANCE AT 28/02/2021

| Fund Returns after fund management fee | Stable | Balanced | Growth |
|--|--------|----------|--------|
| 1 Month | -0.18% | 0.50% | 1.67% |
| 3 Month | -0.70% | 1.98% | 4.19% |
| Year to date in 2020 | -0.62% | 0.90% | 2.41% |
| 1 Year | -1.14% | 3.88% | 6.77% |
| 2 Years pa | -0.96% | 2.08% | 2.48% |
| 3 Years pa | -0.90% | 2.71% | 3.69% |
| 5 Years pa | -1.03% | 3.74% | 5.43% |
| 10 years pa | -0.15% | 3.89% | 4.83% |

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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