

April 2020

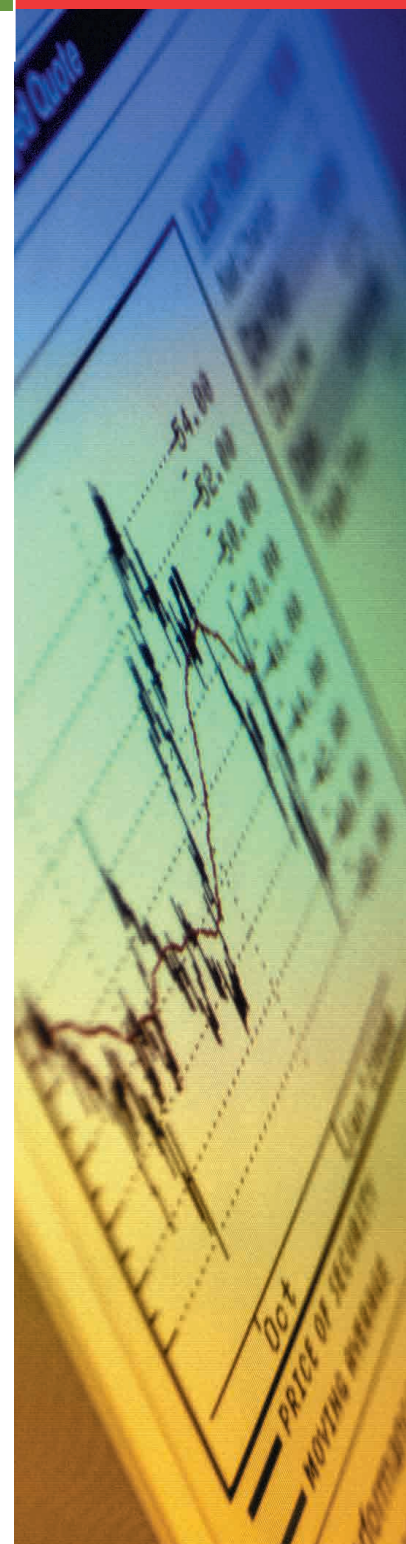
Summit Quarterly Report Commentary

Quarter 1 2020

News of the outbreak of a SARS-like respiratory virus in China emerged in mid-January. Initially, markets used the SARS experience from 2003 as a template to estimate the effect of the virus on growth, expecting the impact to be relatively shallow and transitory. Against this backdrop, equity markets reached new highs, but in mid-February, there was a surge of new cases outside China – at first in Italy and South Korea, then across the globe. This led to a rapid reappraisal of the impact of the coronavirus on global growth. The measures introduced to contain the virus included severe restrictions on economic activity and people's movements. As the virus spread across the world, many economies effectively came to a standstill, causing a large shock to the global economy and affecting corporate earnings. With the global fatality rate from coronavirus at 4.9% (and just under 12% in Italy), the human cost of the crisis is obvious and highlights the urgent need for a solution. While trials and tests for potential cures and vaccines are being undertaken, none to date indicate that a medical solution is likely in the short term. As a result, economic and personal restrictions are currently the only available tools to combat the spread of the virus, but their negative impact on the economy has been severe, with obvious repercussions for markets.

Markets will be sensitive to news flow on case numbers and underlying economic activity levels. Any signs of a peaking in case numbers and a successful containment of the virus in a global context would be well received. The significant and unprecedented levels of fiscal and monetary support provided by global authorities can also ease some of the short-term economic pain and provide the basis for an economic recovery once the virus is contained. Over the quarter, the MSCI AC World equity benchmark fell -19.9% (-19.4% in euro terms). The hit to equities across regions was indiscriminate, with most experiencing similar levels of declines. Japan slightly outperformed, falling -17.2% (-14.7% in euro terms) as the number of coronavirus cases in Japan was relatively contained compared to elsewhere. Emerging markets fell -19.0% (-21.8% in euro terms). Chinese equities outperformed, falling only -10.3% as economic activity levels showed signs of returning to normal by the end of March, while earlier restrictions began to be lifted. The UK fell -23.9% (-27.2% in euro terms) as uncertainty over Brexit-related trade negotiations with the EU acted as an additional drag. Pacific Basin equities fell -21.1% (-25.9% in euro terms) given the spill-over across the region from the initial outbreak of the virus in China.

The ICE BofA Merrill Lynch Eurozone >5-year sovereign bond benchmark rose 0.5%. Core global bond yields fell as the global economy slowed, while the announcement of large-scale asset purchase programmes by a number of global central banks also added to downward pressure on yields. German 10-year yields ended the quarter at -0.47%, having reached an all-time low of -0.91% in early March. Global bond yields rose from their early March lows, as the expected increased levels of bond supply after the large fiscal spending plans announced by governments weighed on bond yields in late March. Peripheral spreads widened during the quarter, as both Italy and Spain became the centres of the virus outbreak in Europe. Some misguided comments by ECB President Christine Lagarde (she remarked that it was not the ECB's role to narrow peripheral spreads) also contributed to the widening of spreads in March. The subsequent commitment by the ECB to prevent fragmentation within the Eurozone financial system and the announcement of an additional €750bn asset-purchase programme enabled Italian spreads to narrow again prior to quarter-end. By the end of March, 10-year Italian spreads against Germany stood at 199bps, while in Spain, they had widened to 115bps.



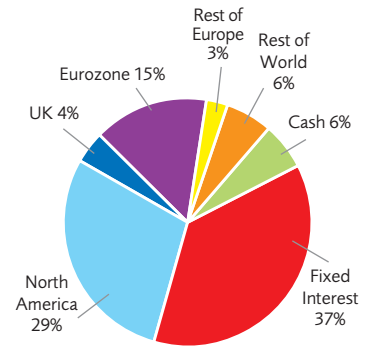
Summit Balanced Fund

Review

With DXC, we added to the position during the quarter, at 9x our estimate of sustainable earnings and under new management who we have confidence will achieve the right balance between a healthy margin and reinvesting in the business' core capabilities to drive growth. We endorse management's plans to dispose of three non-core businesses with \$5bn in revenues (25% of total) and to pay down the outstanding \$8bn net debt with the proceeds. During March they announced the sale of one of these to Veritas for \$3.8bn (after tax), a healthy 3.5x multiple of sales. This leaves them with two businesses with \$3.6bn in sales to sell. Based on 2020 forecast EBITDA of \$3.3bn it leaves ND/EBITDA at 1.3x.

Equity Sector Distribution	%
Information Technology	20.12%
Financials	18.46%
Health Care	15.60%
Consumer Discretionary	13.92%
Industrials	9.68%
Materials	5.49%
Consumer Staples	5.38%
Communication Services	4.68%
Utilities	3.94%
Energy	2.75%

Top 10 holdings	%
Microsoft	2.67%
Berkshire Hathaway	2.25%
Lancashire Holdings	1.61%
DCC	1.60%
Johnston & Johnston	1.56%
Oracle Corp	1.52%
Keysight	1.50%
Oshkosh Corp	1.40%
Eirsson	1.29%
GPE Bruxelles	1.25%



**Bid/Exit price at
01/04/2020**
201.40

***Past Performance**

1 Year	- 12.44
2 Years	- 2.69
5 Years	- 0.12
10 Years	4.34

Source Moneybate ©

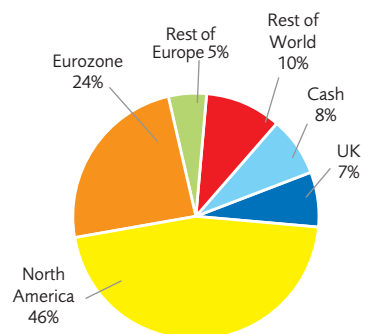
Summit Growth Fund

Review

During the quarter we sold Nortonlifelock in mid-February 2020 after a period of strong performance post the completion of the disposal of their Enterprise Security business and the subsequent return of capital to shareholders. Proceeds were partly invested in DXC Technologies and partly left in cash. UK conglomerate Smiths Group Plc was added to the Fund during the quarter. The stock has been held in other Setanta portfolios for over a decade, so it is a business that we know well. The share price fell substantially in Q1 due to concerns about demand for their products, especially in their Detection/scanner business (used in airports) as well as in John Crane, a seals business that serves mainly downstream oil and gas markets. We like the strong levels of returns exhibited by the group over time as well as its low-to average net debt, but we particularly like the material discount to a sum-of-the-parts valuation on a normalised earnings basis.

Equity Sector Distribution	%
Information Technology	20.0%
Financials	18.3%
Health Care	15.5%
Consumer Discretionary	14.0%
Industrials	9.6%
Materials	5.8%
Consumer Staples	5.4%
Communication Services	4.8%
Utilities	3.9%
Energy	2.8%

Top 10 holdings	%
Microsoft	4.22%
Berkshire Hathaway	3.4%
Lancashire Holdings	2.59%
DCC	2.53%
Johnston & Johnston	2.41%
Keysight Tech	2.35%
Oracle Corp	2.34%
Oshkosh Corp	2.26%
Ericsson	2.06%
GPE Bruxelles	2.02%



**Bid/Exit price at
01/04/2020**
200.60

***Past Performance**

1 Year	- 19.05
2 Years	- 5.09
5 Years	- 0.37
10 Years	5.22

Source Moneybate ©

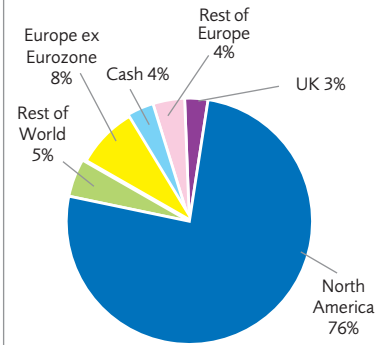
Summit Global Leaders Fund

Review

Equity markets suffered sharp declines in the first quarter. The COVID-19 outbreak gained momentum and spread across the globe over the period. The social restrictions imposed by national governments to curb the spread of the virus are having a severe negative impact on economic activity. There is much uncertainty around the required duration of these restrictions and the shape of a subsequent economic recovery. The Energy and Financials sectors were particularly badly hit. On a relative basis, the Healthcare and Staples sectors performed best. Nvidia, the US technology company, rose 12.1% in local currency (lc) in the period. After four quarters of contraction caused by a sharp drop-off in demand from cryptocurrency mining and data centre markets, the company enjoyed a greater than expected uplift in demand in its most recent quarterly results. Roche, the Swiss pharmaceutical company, was up 3.2% (lc) in the first three months of 2020. Healthcare stocks outperformed as demand is expected to be relatively resilient. The company is investigating its rheumatoid arthritis drug Actemra as a potential treatment for COVID-19.

Equity Sector Distribution	%
Information Technology	36.6%
Health Care	17.3%
Consumer Staples	12.6%
Communication Services	12.4%
Consumer Discretionary	12.2%
Energy	4.6%
Financials	3.6%
Industrials	0.7%

Top 10 holdings	%
Microsoft	9.71%
Apple	8.76%
Amazon	7.62%
Facebook	3.76%
Johnson & Johnson	3.38%
Alphabet Inc	3.22%
Nestle	3.09%
Proctor & Gamble	2.72%
Visa Inc	2.63%
JP Morgan	2.61%



Bid/Exit price at 01/04/2020
201.80

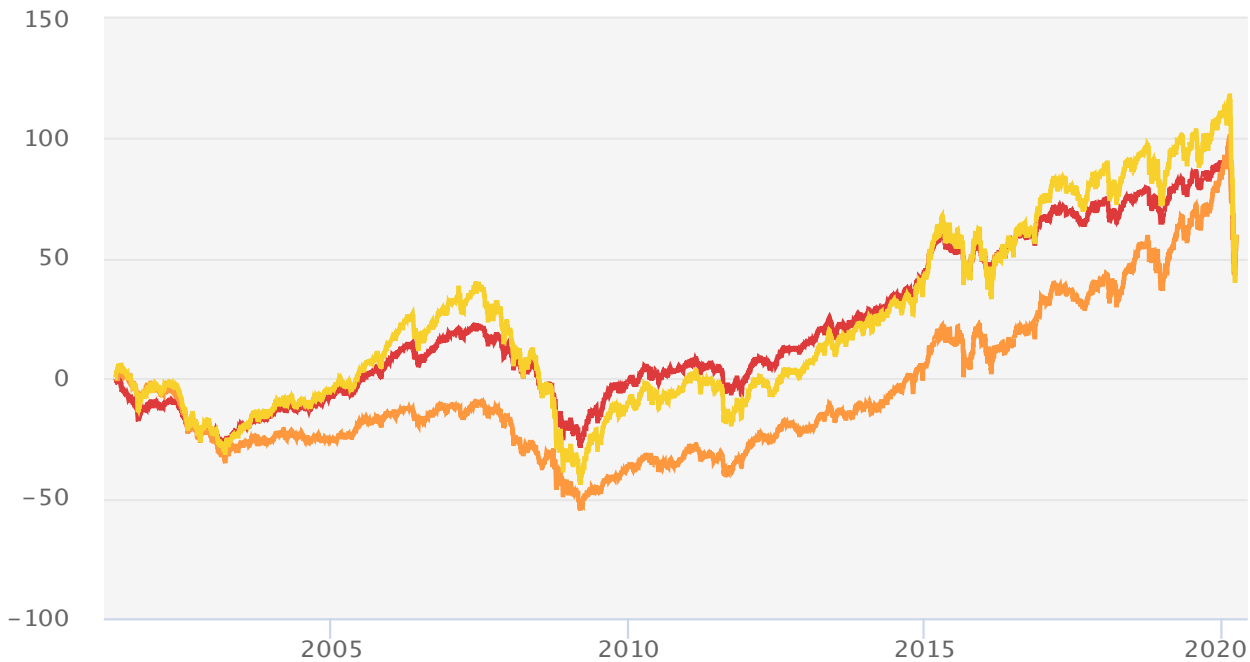
***Past Performance**

1 Year	- 0.79
2 Years	9.15
5 Years	6.15
10 Years	9.00

Source MoneyMate ©

Fund Performance

Performance Report - Performance - 05/05/2001 to 01/04/2020



Summit Asset Managers Balanced
G 58.65%

Summit Asset Managers Global G
59.09%

Summit Asset Managers Growth G
59.43%

The outlook for equity markets over the next twelve months is dependent 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. 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 in many regions in an effort 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 a 10%+ annualised rate in the first half of the year. If the virus is successfully contained, as China and South Korea have shown can be done with the number of new daily cases in both countries being reduced to a minimum, global economic activity levels can recover in the second half of the year and into 2021, particularly given the unprecedented levels of monetary and fiscal support which 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 when case numbers will peak and economic activity will begin to recover, any short term rebound in equity markets could be limited. Upside in markets will be dependent on greater clarity regarding the potential containment of the virus and 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, 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 upside in equities of double digits from current levels over the next 12 months. Relative valuations for equities remain very attractive given the low yields currently available in other assets such as bonds and cash and also support upside in equities. Equity markets continue to 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 or tensions in the Middle East and North Korea. These could result in additional periods of volatility in the market.

Bond Outlook

Global bond yields generally moved lower through most of 2019 due to concerns around growth, the persistence of low inflation and additional easing by global central banks in response to the weak economic backdrop. Yields rose through the fourth quarter of 2019 as the outlook for growth improved on the back of progress on trade and Brexit. The potential range in which yields are likely to trade over the next twelve months is dependent on the economic outcome. Any further deterioration in global growth would lead to lower yields while a pick-up in global growth associated with reduced risks related to the coronavirus or increased levels of fiscal stimulus could result in higher yields. Year to date, yields have declined given concerns over the economic fallout from the spread of the coronavirus and the significant expansion of asset purchase programmes by global central banks. The US 10 year yield fell to a new all time low of 0.31% in March as the Fed announced additional policy easing and the growth outlook deteriorated. The current yield level is 0.59% with yields having risen from recent lows on the expected increase in supply on the back of additional fiscal spending. The potential trading range over the next twelve months is estimated to be 0.20%/1.50%. Our base case is that yields will be close to 1.00% in twelve months' time on the back of an eventual recovery in growth and the maintenance of loose policy by the Fed. The German 10 year yield is currently -0.47% compared to the recent all time low of -0.91%. The potential range over the next year is seen as -0.80%/0.40% with a base case of -0.20% in twelve months' time, again on the assumption that growth recovers in the second half of 2020 and that the ECB maintains its current policy stance.

Peripheral Bonds

Peripheral bond spreads have tightened over the last twelve months. Italian spreads have been more volatile than others due to clashes with the EU over fiscal spending plans but the formation of a more pro EU coalition in the summer of 2019 enabled spreads to narrow in 2019. The resumption of ECB asset purchases in November resulted in peripheral spreads narrowing further in the latter part of 2019 and early 2020. However the risk of environment associated with the emergence of the coronavirus and in particular the recent large rise in case numbers in Italy and Spain has caused peripheral spreads to widen over the last number of weeks. Some misguided comments from ECB President Lagarde when she said it was not the ECB's role to narrow peripheral spreads also contributed to the recent widening of Italian and peripheral spreads. The subsequent announcement of a large asset purchase programme by the ECB worth €750bn with increased levels of flexibility around the level of regional and asset purchases has again pulled peripheral spreads lower. Italian 10 year spreads against Germany are currently 202bps. Spanish 10 year spreads against Germany have been tighter than those in Italy in recent years and are currently 117bps reflecting the better economic, fiscal and political backdrop in Spain. Assuming the economic threat from the coronavirus eventually fades, peripheral spreads are expected to narrow again, supported by the large scale of ECB asset purchases and the attractive yield pick up they offer over core bonds.

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