



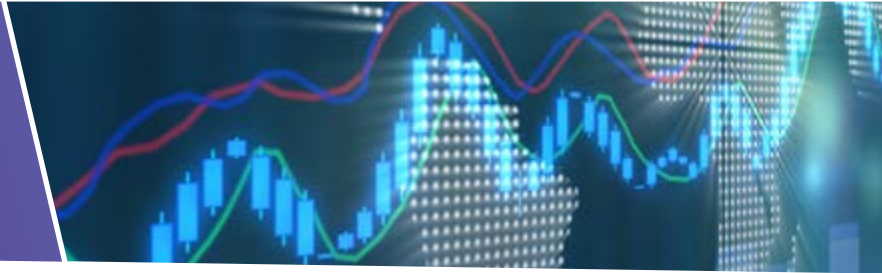
December 2023 in review

Summit Mutual Funds

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

Helping people build better futures

MARKET REVIEW



MARKET ROUND-UP

Market Review

December showed continued signs of slowing inflation in major economies, while economic activity data was mixed. The US Federal Reserve (Fed) suggested that interest rate cuts could be forthcoming in 2024, and global stock markets continued to rally into year-end amid expectations of interest rate cuts by the major central banks. Bond markets also rallied strongly as rate cuts were increasingly priced into markets. Commodities fell, driven by oil amid strong supply from the US.

Equities

Global stock markets rose in December, buoyed by slowing inflation and the potential for interest rate cuts in 2024. The MSCI All Country World index rose by 4.1% (3.6% in euros) over the month. The MSCI USA rallied 4.7% (3.4% in euros), while European ex-UK equities were up by 3.2% (3.9% in euros).

Bonds

Bond markets rallied as yields fell sharply, with markets pricing in 1-1.25 percentage points of interest rate cuts in 2024 from both the Fed and the European Central Bank (ECB). The ICE BofA 5+ Year Euro Government Bond Index was up by 5.2% over the month. US and German 10-year government bond yields declined significantly, to 3.89% and to 2.01%, respectively.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2022 Return (%)
MSCI Ireland	1.8	20.6	-21.1
MSCI United Kingdom	2.4	10.3	1.4
MSCI Europe ex UK	7.7	18.5	-11.9
MSCI North America	7.3	22.3	-13.8
MSCI Japan	3.7	16.7	-10.8
MSCI EM (Emerging Markets)	3.4	6.5	-14.5
MSCI AC World	6.5	18.6	-12.6
10-Year Yields	Yield last month (%)	2022 Yield (%)	2021 Yield (%)
US	3.88	3.87	1.51
Germany	2.02	2.57	-0.18
UK	3.54	3.67	0.97
Japan	0.61	0.42	0.07
Ireland	2.38	3.13	0.24
Italy	3.69	4.70	1.17
Greece	3.06	4.62	1.34
Portugal	2.66	3.59	0.47
Spain	2.99	3.66	0.57
FX Rates	End last month	2022 Rates	2021 Rates
U.S. Dollar per Euro	1.10	1.07	1.14
British Pounds per Euro	0.87	0.89	0.84
U.S. Dollar per British Pounds	1.27	1.21	1.35
Commodities (USD)	QTD Return (%)	YTD Return (%)	2022 Return (%)
Oil (Brent)	-19.2	-10.3	10.5
Gold (Oz)	11.6	13.1	-0.3
S&P Goldman Sachs Commodity Index	-10.7	-4.3	26.0

Source: ILIM, Bloomberg. Data is accurate as at 31 December 2023.

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MARKET OUTLOOK

Irish Life Investment Managers’ (ILIM’s) view – looking ahead

Sovereign bond yields – which rose materially earlier in the year on the back of a slower-than-expected moderation in inflation – ended December close to January 2023’s levels, following falls in the second half of the fourth quarter as concerns around inflation abated. With inflation having clearly peaked and central banks now suggesting that the end of the tightening could already have been reached, bond yields are expected to decline over the next 12 months.

We believe fixed income offers a strong risk-reward profile at this stage in the cycle, with the potential to offer protection if the economy slows; the asset class is attractive from an income perspective while also providing potential for capital gains via falling yields.

Global equities were resilient in 2023 as recession fears receded and a peak in central bank policy rates has likely been reached. While global earnings are forecast to be only modestly higher in 2023 by approximately 0.3%, they have held up better than feared at the start of the year. Earnings are expected to grow by over 10.3% in 2024.

Equities remain expensive against both bonds and cash given the high yields currently available on these assets. However, the outlook on a 12-month view is positive. Central banks are likely to pivot towards interest rate cuts in 2024 as inflation continues to fall. An increasing probability of a ‘soft landing’, with a rebound in both growth and earnings in 2024, should also provide support.

Over the medium term, the rollout of AI should boost efficiencies and earnings across the whole market and allow equities to trade at higher valuation levels. The ongoing green-related capex cycle could also boost earnings over the medium term. Any short-term volatility in markets is likely to be offset by the above factors, resulting in positive returns on a 12-month timeframe.



Equities are trading broadly in line with long-term valuation multiples. Given the high yields available on cash and bonds, equities no longer appear cheap against these assets. However, equities appear close to fair value on an absolute basis and, with positive economic and earnings growth in 2024, can continue to grind higher, with potential upside supported by a valuation rerating.



Increasing hopes of a soft landing, with the avoidance of a recession, have been supportive of equity markets. A continued fall in inflation, enabling central banks to cut interest rates in 2024 as expected, could contribute to additional gains in equity markets.



Global growth slowed to an estimated 3.0% in 2022. Growth is forecast to decelerate slightly to 2.7% in 2023 and to 2.3% in 2024, although these estimates have been revised significantly higher recently with a recession looking increasingly unlikely. In developed market regions, the US economy has been more resilient while Europe has struggled as higher interest rates have impacted activity levels and demand.



After an initial reopening surge in Q1, Chinese growth stalled. The authorities have announced plans for additional stimulus to boost growth, and recent data has begun to stabilise.



Structural long-term benefits from the generative AI theme, and evidence of earnings being boosted by AI-related initiatives, can support higher equity valuation multiples.



Volatility is likely to remain a feature due to uncertainty over the eventual growth outcome, inflation path, monetary policy and geopolitical events. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposures.

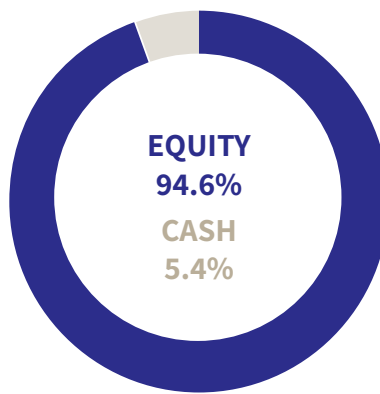
SUMMIT GLOBAL LEADERS FUND

The Summit Global Leaders Fund invests in stocks with large market capitalisations. From July 2014, equity management has been sub-advised to Setanta Asset Management.

Fund update for December

The Summit Global Leaders Fund returned 2.13%, net of fund management fee, over December. Semiconductor company Broadcom was the biggest riser, with a 21.1% (US dollar) gain over the period. Broadcom is expected to benefit from accelerating demand for generative AI, while management believes that it can grow revenue from the recently acquired VMware at double digit rates for the next three years. ASML, the provider of semiconductor manufacturing equipment, was up +9.4% (in euros) over the month, as demand is expected to pick up again after 2024 as new customer fabrication plants come online and memory demand recovers. Laggards included auto company Toyota, which declined -7.3% (in Japanese yen), as its Daihatsu subsidiary halted worldwide vehicle shipments following the discovery of widespread irregularities in crash safety testing. Drugmaker Pfizer fell -5.5% (US dollars), following 2024 revenue guidance which fell well short of market expectations.

Asset allocation

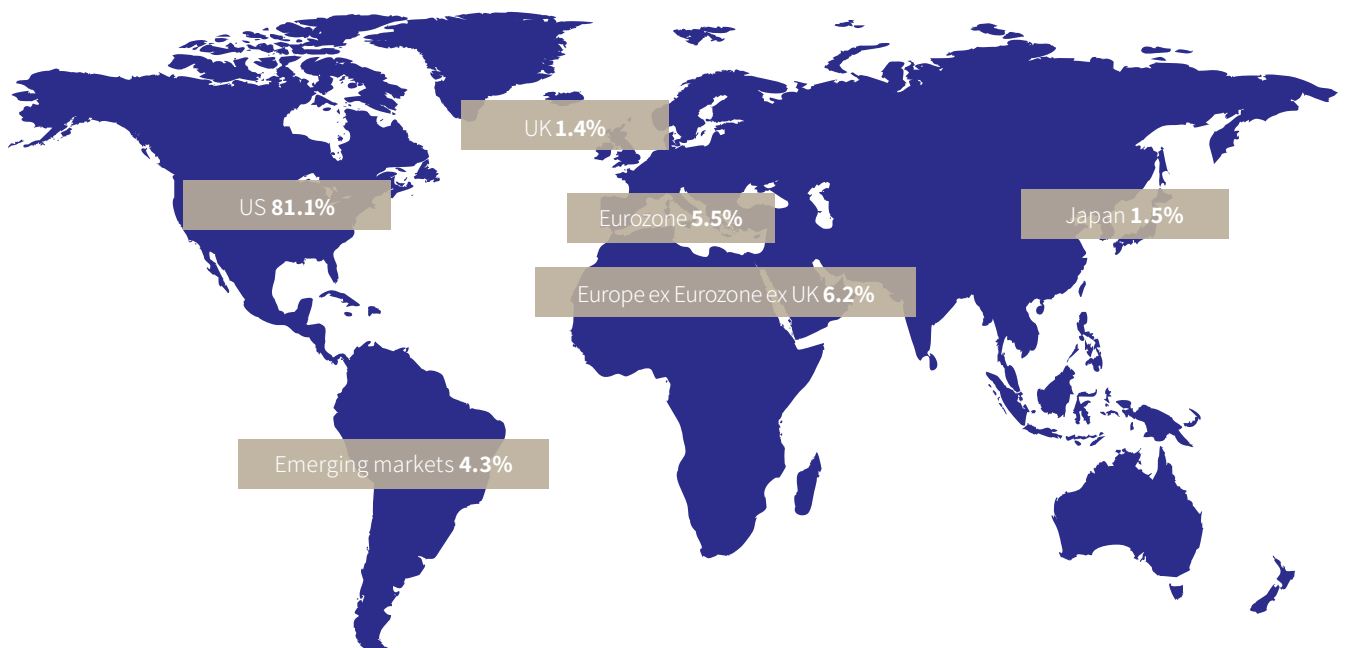


Top Ten Share Holdings

Stock name	% of fund
Microsoft	8.8
Alphabet	8.4
Apple	8.3
Amazon.com	7.0
Nvidia	6.5
Meta Platforms	4.4
Tesla	3.5
JP Morgan Chase	2.6
Taiwan Semiconductor	2.6
Eli Lilly	2.5

Source: ILIM, Factset. Data is accurate as at 31 December 2023.

Share regional distribution



Information is correct at 31 December 2023.

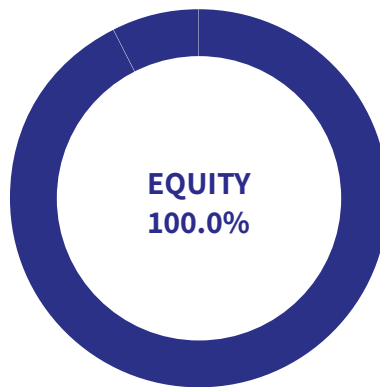
SUMMIT GROWTH FUND

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 December

The Summit Growth Fund returned 2.85%, net of fund management fee, over December. Industrials, Consumer Discretionary and Consumer Staples were the best performing sectors, while the Infrastructure, Technology and Financials sectors lagged over the month. The stocks contributing most to the fund’s return were Costco Wholesale, Booking Holdings and Keysight Technologies. The largest detractors were Oracle, Tencent Holdings and UnitedHealth Group.

Asset allocation

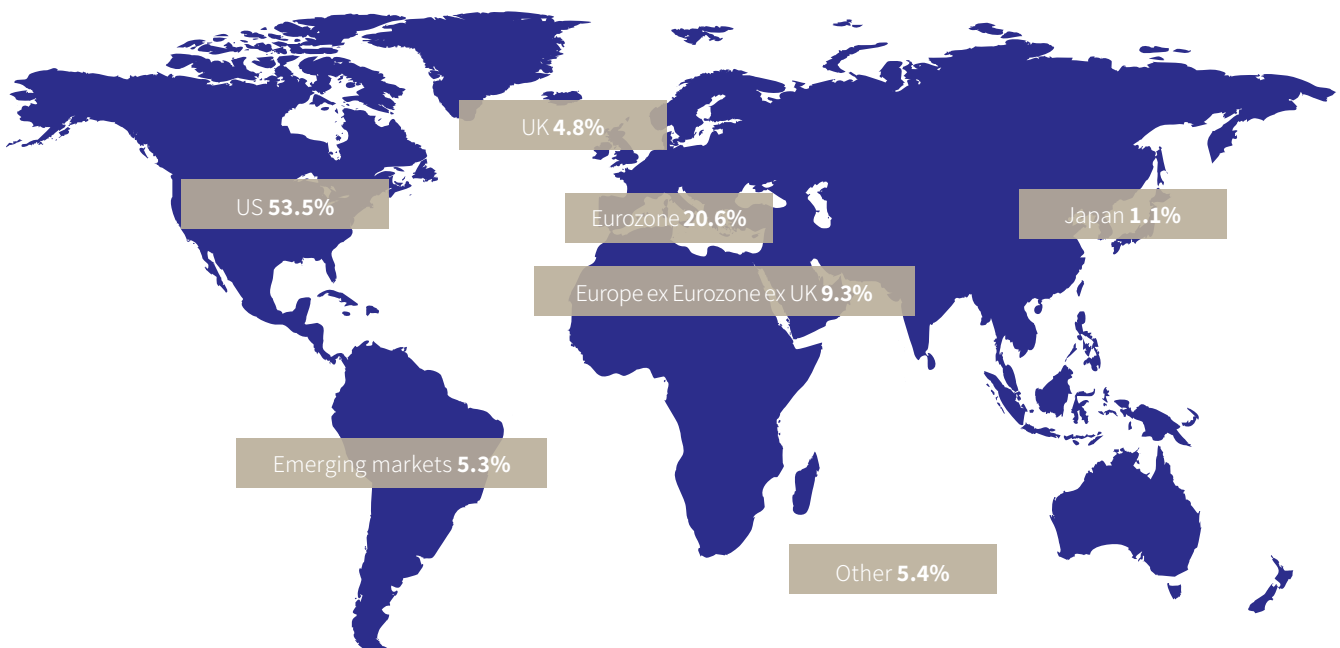


Top Ten Share Holdings

Stock name	% of fund
Microsoft	4.8
Berkshire Hathaway	4.0
Costco Wholesale	3.3
Booking Holdings	3.2
Alphabet	3.2
Oracle	3.2
Samsung Electronics	3.1
S&P Global	2.3
Nike	2.2
DCC	2.2

Source: ILIM, Factset. Data is accurate as at 31 December 2023.

Share regional distribution



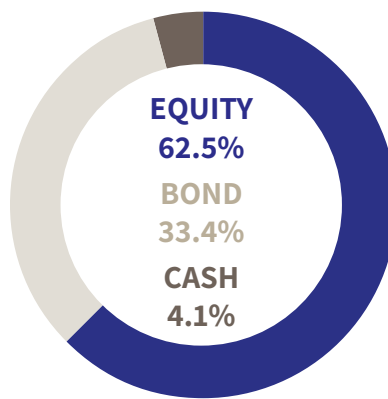
SUMMIT BALANCED FUND

The objective of the Summit Balanced Fund is to avoid excessive volatility, 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 December

The Summit Balanced Fund returned 3.11%, net of fund management fee, over December. Industrials, Consumer Discretionary and Consumer Staples were the best performing sectors, while the Infrastructure, Technology and Financials sectors lagged over the month. Data in December showed continued signs of slowing inflation in major economies, while activity data was mixed. Global stock markets continued to rally into year-end amid expectations of interest rate cuts in the second quarter of 2024. Bond markets also rallied strongly as rate cuts were priced into markets.

Asset allocation

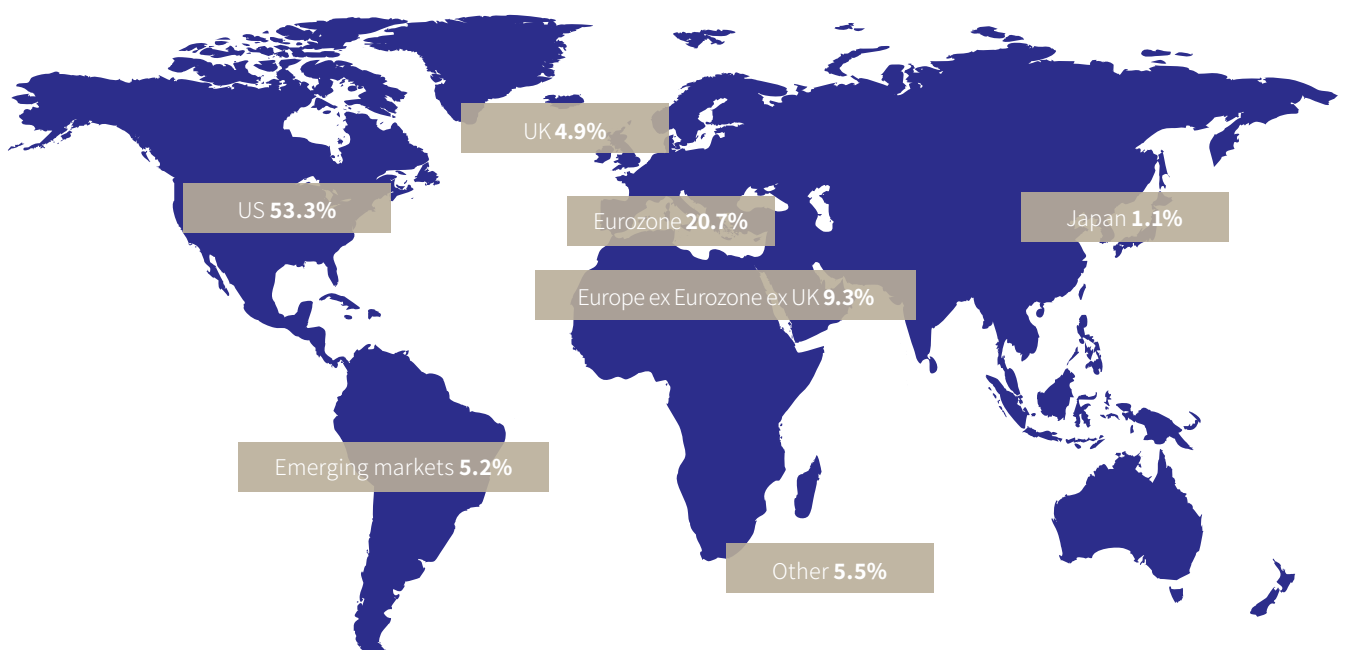


Top Ten Share Holdings

Stock name	% of fund
Microsoft	4.8
Berkshire Hathaway	4.1
Oracle	3.3
Alphabet	3.2
Costco Wholesale	3.2
Booking Holdings	3.1
Samsung Electronics	2.9
S&P Global	2.3
DCC	2.2
Keysight Technologies	2.1

Source: ILIM, Factset. Data is accurate as at 31 December 2023.

Share regional distribution



SUMMIT FUND PERFORMANCE



At 31 December 2023

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	3.11%	2.85%	2.13%
QTD	5.16%	4.40%	5.34%
3 Month	5.16%	4.40%	5.34%
YTD	8.14%	10.12%	31.07%
1 Year	8.14%	10.12%	31.07%
2 Years pa	-2.72%	0.15%	0.90%
3 Years pa	3.41%	9.06%	10.46%
5 Years pa	4.15%	8.11%	14.60%
10 Years pa	4.88%	7.66%	11.90%

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) is recognised internationally for its expertise, innovation and track record:



Summit Mutual 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.

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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.